
SENATE BILL 5302

State of Washington

60th Legislature

2007 Regular Session

By Senators Haugen and Rasmussen

Read first time 01/16/2007. Referred to Committee on Government Operations & Elections.

1 AN ACT Relating to limiting the assessed value of real property to
2 the lesser of the property's current assessed value or a five percent
3 increase from the previous year's assessed value; amending RCW
4 84.04.030, 84.40.020, 84.40.030, 84.40.040, 84.40.045, 84.41.041,
5 84.48.010, 84.48.065, 84.48.080, 84.12.270, 84.12.280, 84.12.310,
6 84.12.330, 84.12.350, 84.16.040, 84.16.050, 84.16.090, 84.16.110,
7 84.16.120, 84.36.041, 84.52.063, and 84.70.010; adding a new section to
8 chapter 84.40 RCW; creating a new section; and providing a contingent
9 effective date.

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

11 NEW SECTION. **Sec. 1.** A new section is added to chapter 84.40 RCW
12 to read as follows:

13 As used in this chapter:

14 (1) "Appraised value" means the true and fair value of property
15 subject to taxation by a taxing district.

16 (2) "Assessed value" means the lesser of the current appraised
17 value or one hundred five percent of the previous year's assessed
18 value.

1 **Sec. 2.** RCW 84.04.030 and 2001 c 187 s 2 are each amended to read
2 as follows:

3 "Assessed value of property" shall be held and construed to mean
4 the aggregate valuation of the property subject to taxation by any
5 taxing district as determined under section 1 of this act, reduced by
6 the value of any applicable deductions and placed on the last completed
7 and balanced tax rolls of the county preceding the date of any tax
8 levy.

9 **Sec. 3.** RCW 84.40.020 and 2005 c 274 s 364 are each amended to
10 read as follows:

11 All real property in this state subject to taxation shall be listed
12 and assessed every year, with reference to its appraised and assessed
13 values on the first day of January of the year in which it is assessed.
14 Such listing and all supporting documents and records shall be open to
15 public inspection during the regular office hours of the assessor's
16 office: PROVIDED, That confidential income data is hereby exempted
17 from public inspection as noted in RCW 42.56.070 and (~~42.56.210~~)
18 42.56.230. All personal property in this state subject to taxation
19 shall be listed and assessed every year, with reference to its value
20 and ownership on the first day of January of the year in which it is
21 assessed: PROVIDED, That if the stock of goods, wares, merchandise or
22 material, whether in a raw or finished state or in process of
23 manufacture, owned or held by any taxpayer on January 1 of any year
24 does not fairly represent the average stock carried by such taxpayer,
25 such stock shall be listed and assessed upon the basis of the monthly
26 average of stock owned or held by such taxpayer during the preceding
27 calendar year or during such portion thereof as the taxpayer was
28 engaged in business.

29 **Sec. 4.** RCW 84.40.030 and 2001 c 187 s 17 are each amended to read
30 as follows:

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

34 All real property shall be appraised at one hundred percent of its
35 true and fair value in money and assessed as provided in section 1 of
36 this act unless specifically provided otherwise by law.

1 Taxable leasehold estates shall be valued at such price as they
2 would bring at a fair, voluntary sale for cash without any deductions
3 for any indebtedness owed including rentals to be paid.

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

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

25 (2) In addition to sales as defined in subsection (1) of this
26 section, consideration may be given to cost, cost less depreciation,
27 reconstruction cost less depreciation, or capitalization of income that
28 would be derived from prudent use of the property. In the case of
29 property of a complex nature, or being used under terms of a franchise
30 from a public agency, or operating as a public utility, or property not
31 having a record of sale within five years and not having a significant
32 number of sales of similar property in the general area, the provisions
33 of this subsection shall be the dominant factors in valuation. When
34 provisions of this subsection are relied upon for establishing values
35 the property owner shall be advised upon request of the factors used in
36 arriving at such value.

37 (3) In valuing any tract or parcel of real property, the true and
38 fair value of the land, exclusive of structures thereon shall be

1 determined; also the true and fair value of structures thereon, but the
2 valuation shall not exceed the true and fair value of the total
3 property as it exists. In valuing agricultural land, growing crops
4 shall be excluded.

5 **Sec. 5.** RCW 84.40.040 and 2003 c 302 s 1 are each amended to read
6 as follows:

7 The assessor shall begin the preliminary work for each assessment
8 not later than the first day of December of each year in all counties
9 in the state. The assessor shall also complete the duties of listing
10 and placing valuations on all property by May 31st of each year, except
11 that the listing and valuation of construction and mobile homes under
12 RCW 36.21.080 and 36.21.090 shall be completed by August 31st of each
13 year, and in the following manner, to wit:

14 The assessor shall actually determine as nearly as practicable the
15 true and fair value of each tract or lot of land listed for taxation
16 and of each improvement located thereon and shall enter as the
17 appraised value one hundred percent of the true and fair value of such
18 land and value of such improvements, together with the total of such
19 one hundred percent valuations, opposite each description of property
20 on the assessment list and tax roll.

21 The assessor shall determine the assessed value, under section 1 of
22 this act, for each tract or lot of land listed for taxation including
23 improvements located thereon, and shall also enter this value opposite
24 each description of property on the assessment list and tax roll.

25 The assessor shall make an alphabetical list of the names of all
26 persons in the county liable to assessment of personal property, and
27 require each person to make a correct list and statement of such
28 property according to the standard form prescribed by the department of
29 revenue, which statement and list shall include, if required by the
30 form, the year of acquisition and total original cost of personal
31 property in each category of the prescribed form. However, the
32 assessor may list and value improvements on publicly owned land in the
33 same manner as real property is listed and valued, including
34 conformance with the revaluation program required under chapter 84.41
35 RCW. Such list and statement shall be filed on or before the last day
36 of April. The assessor shall on or before the 1st day of January of
37 each year mail, or electronically transmit, a notice to all such

1 persons at their last known address that such statement and list is
2 required. This notice must be accompanied by the form on which the
3 statement or list is to be made. The notice mailed, or electronically
4 transmitted, by the assessor to each taxpayer each year shall, if
5 practicable, include the statement and list of personal property of the
6 taxpayer for the preceding year. Upon receipt of such statement and
7 list the assessor shall thereupon determine the true and fair value of
8 the property included in such statement and enter one hundred percent
9 of the same on the assessment roll opposite the name of the party
10 assessed; and in making such entry in the assessment list, the assessor
11 shall give the name and post office address of the party listing the
12 property, and if the party resides in a city the assessor shall give
13 the street and number or other brief description of the party's
14 residence or place of business. The assessor may, after giving written
15 notice of the action to the person to be assessed, add to the
16 assessment list any taxable property which should be included in such
17 list.

18 **Sec. 6.** RCW 84.40.045 and 2001 c 187 s 19 are each amended to read
19 as follows:

20 The assessor shall give notice of any change in the (~~true and~~
21 ~~fair~~) assessed value of real property for the tract or lot of land and
22 any improvements thereon no later than thirty days after appraisal:
23 PROVIDED, That no such notice shall be mailed during the period from
24 January 15 to February 15 of each year: PROVIDED FURTHER, That no
25 notice need be sent with respect to changes in valuation of forest land
26 made pursuant to chapter 84.33 RCW.

27 The notice shall contain a statement of both the prior and the new
28 (~~true and fair~~) appraised and assessed values and the ratio of the
29 assessed value to the true and fair value on which the assessment of
30 the property is based, stating separately land and improvement
31 appraised values, and a brief statement of the procedure for appeal to
32 the board of equalization and the time, date, and place of the meetings
33 of the board.

34 The notice shall be mailed by the assessor to the taxpayer.

35 If any taxpayer, as shown by the tax rolls, holds solely a security
36 interest in the real property which is the subject of the notice,
37 pursuant to a mortgage, contract of sale, or deed of trust, such

1 taxpayer shall, upon written request of the assessor, supply, within
2 thirty days of receipt of such request, to the assessor the name and
3 address of the person making payments pursuant to the mortgage,
4 contract of sale, or deed of trust, and thereafter such person shall
5 also receive a copy of the notice provided for in this section.
6 Willful failure to comply with such request within the time limitation
7 provided for herein shall make such taxpayer subject to a maximum civil
8 penalty of five thousand dollars. The penalties provided for herein
9 shall be recoverable in an action by the county prosecutor, and when
10 recovered shall be deposited in the county current expense fund. The
11 assessor shall make the request provided for by this section during the
12 month of January.

13 **Sec. 7.** RCW 84.41.041 and 2001 c 187 s 21 are each amended to read
14 as follows:

15 Each county assessor shall cause taxable real property to be
16 physically inspected and valued at least once every six years in
17 accordance with RCW 84.41.030, and in accordance with a plan filed with
18 and approved by the department of revenue. Such revaluation plan shall
19 provide that a reasonable portion of all taxable real property within
20 a county shall be revalued and these newly-determined values placed on
21 the assessment rolls each year. The department may approve a plan that
22 provides that all property in the county be revalued every two years.
23 If the revaluation plan provides for physical inspection at least once
24 each four years, during the intervals between each physical inspection
25 of real property, the appraised valuation of such property may be
26 adjusted to its current true and fair value, such adjustments to be
27 based upon appropriate statistical data. If the revaluation plan
28 provides for physical inspection less frequently than once each four
29 years, during the intervals between each physical inspection of real
30 property, the valuation of such property shall be adjusted to its
31 current true and fair value, such adjustments to be made once each year
32 and to be based upon appropriate statistical data. If the appraised
33 valuation is changed, the assessed value shall be recalculated under
34 section 1 of this act.

35 The assessor may require property owners to submit pertinent data
36 respecting taxable property in their control including data respecting

1 any sale or purchase of said property within the past five years, the
2 cost and characteristics of any improvement on the property and other
3 facts necessary for appraisal of the property.

4 **Sec. 8.** RCW 84.48.010 and 2001 c 187 s 22 are each amended to read
5 as follows:

6 Prior to July 15th, the county legislative authority shall form a
7 board for the equalization of the assessment of the property of the
8 county. The members of said board shall receive a per diem amount as
9 set by the county legislative authority for each day of actual
10 attendance of the meeting of the board of equalization to be paid out
11 of the current expense fund of the county: PROVIDED, That when the
12 county legislative authority constitute the board they shall only
13 receive their compensation as members of the county legislative
14 authority. The board of equalization shall meet in open session for
15 this purpose annually on the 15th day of July and, having each taken an
16 oath fairly and impartially to perform their duties as members of such
17 board, they shall examine and compare the returns of the assessment of
18 the property of the county and proceed to equalize the same, so that
19 the appraised value of each tract or lot of real property and each
20 article or class of personal property shall be entered on the
21 assessment list at its true and fair value, according to the measure of
22 value used by the county assessor in such assessment year, and so that
23 the assessed value of each tract or lot of real property is entered on
24 the assessment list at its correct amount, which is presumed to be
25 correct under RCW 84.40.0301, and subject to the following rules:

26 First. They shall raise the appraised valuation of each tract or
27 lot or item of real property which is returned below its true and fair
28 value to such price or sum as to be the true and fair value thereof and
29 raise the assessed valuation of each tract, lot, or item of real
30 property, which is returned below its correct amount to the correct
31 amount, after at least five days' notice shall have been given in
32 writing to the owner or agent.

33 Second. They shall reduce the valuation of each tract or lot or
34 item which is returned above its true and fair value to such price or
35 sum as to be the true and fair value thereof and reduce the assessed
36 valuation of each tract, lot, or item of real property which is
37 returned above its correct amount to the correct amount.

1 Third. They shall raise the valuation of each class of personal
2 property which is returned below its true and fair value to such price
3 or sum as to be the true and fair value thereof, and they shall raise
4 the aggregate value of the personal property of each individual
5 whenever the aggregate value is less than the true valuation of the
6 taxable personal property possessed by such individual, to such sum or
7 amount as to be the true value thereof, after at least five days'
8 notice shall have been given in writing to the owner or agent thereof.

9 Fourth. They shall reduce the valuation of each class of personal
10 property enumerated on the detail and assessment list of the current
11 year, which is returned above its true and fair value, to such price or
12 sum as to be the true and fair value thereof; and they shall reduce the
13 aggregate valuation of the personal property of such individual who has
14 been assessed at too large a sum to such sum or amount as was the true
15 and fair value of the personal property.

16 Fifth. The board may review all claims for either real or personal
17 property tax exemption as determined by the county assessor, and shall
18 consider any taxpayer appeals from the decision of the assessor thereon
19 to determine (1) if the taxpayer is entitled to an exemption, and (2)
20 if so, the amount thereof.

21 The clerk of the board shall keep an accurate journal or record of
22 the proceedings and orders of said board showing the facts and evidence
23 upon which their action is based, and the said record shall be
24 published the same as other proceedings of county legislative
25 authority, and shall make a true record of the changes of the
26 descriptions and (~~assessed~~) appraised values ordered by the county
27 board of equalization. The assessor shall recalculate assessed values
28 and correct the real and personal assessment rolls in accordance with
29 the changes made by the said county board of equalization, and the
30 assessor shall make duplicate abstracts of such corrected values, one
31 copy of which shall be retained in the office, and one copy forwarded
32 to the department of revenue on or before the eighteenth day of August
33 next following the meeting of the county board of equalization.

34 The county board of equalization shall meet on the 15th day of July
35 and may continue in session and adjourn from time to time during a
36 period not to exceed four weeks, but shall remain in session not less
37 than three days: PROVIDED, That the county board of equalization with

1 the approval of the county legislative authority may convene at any
2 time when petitions filed exceed twenty-five, or ten percent of the
3 number of appeals filed in the preceding year, whichever is greater.

4 No taxes, except special taxes, shall be extended upon the tax
5 rolls until the property valuations are equalized by the department of
6 revenue for the purpose of raising the state revenue.

7 County legislative authorities as such shall at no time have any
8 authority to change the valuation of the property of any person or to
9 release or commute in whole or in part the taxes due on the property of
10 any person.

11 **Sec. 9.** RCW 84.48.065 and 2001 c 187 s 23 are each amended to read
12 as follows:

13 (1) The county assessor or treasurer may cancel or correct
14 assessments on the assessment or tax rolls which are erroneous due to
15 manifest errors in description, double assessments, clerical errors in
16 extending the rolls, clerical errors in calculating the assessed value
17 in section 1 of this act, and such manifest errors in the listing of
18 the property which do not involve a revaluation of property, except in
19 the case that a taxpayer produces proof that an authorized land use
20 authority has made a definitive change in the property's land use
21 designation. In such a case, correction of the assessment or tax rolls
22 may be made notwithstanding the fact that the action involves a
23 revaluation of property. Manifest errors that do not involve a
24 revaluation of property include the assessment of property exempted by
25 law from taxation or the failure to deduct the exemption allowed by law
26 to the head of a family. When the county assessor cancels or corrects
27 an assessment, the assessor shall send a notice to the taxpayer in
28 accordance with RCW 84.40.045, advising the taxpayer that the action
29 has been taken and notifying the taxpayer of the right to appeal the
30 cancellation or correction to the county board of equalization, in
31 accordance with RCW 84.40.038. When the county assessor or treasurer
32 cancels or corrects an assessment, a record of such action shall be
33 prepared, setting forth therein the facts relating to the error. The
34 record shall also set forth by legal description all property belonging
35 exclusively to the state, any county, or any municipal corporation
36 whose property is exempt from taxation, upon which there remains,
37 according to the tax roll, any unpaid taxes. No manifest error

1 cancellation or correction, including a cancellation or correction made
2 due to a definitive change of land use designation, shall be made for
3 any period more than three years preceding the year in which the error
4 is discovered.

5 (2)(a) In the case of a definitive change of land use designation,
6 an assessor shall make corrections that involve a revaluation of
7 property to the assessment roll when:

8 (i) The assessor and taxpayer have signed an agreement as to the
9 true and fair value of the taxpayer's property setting forth in the
10 agreement the valuation information upon which the agreement is based;
11 and

12 (ii) The assessment roll has previously been certified in
13 accordance with RCW 84.40.320.

14 (b) In all other cases, an assessor shall make corrections that
15 involve a revaluation of property to the assessment roll when:

16 (i) The assessor and taxpayer have signed an agreement as to the
17 true and fair value of the taxpayer's property setting forth in the
18 agreement the valuation information upon which the agreement is based;
19 and

20 (ii) The following conditions are met:

21 (A) The assessment roll has previously been certified in accordance
22 with RCW 84.40.320;

23 (B) The taxpayer has timely filed a petition with the county board
24 of equalization pursuant to RCW 84.40.038 for the current assessment
25 year;

26 (C) The county board of equalization has not yet held a hearing on
27 the merits of the taxpayer's petition.

28 (3) The assessor shall issue a supplementary roll or rolls
29 including such cancellations and corrections, and the assessment and
30 levy shall have the same force and effect as if made in the first
31 instance, and the county treasurer shall proceed to collect the taxes
32 due on the rolls as modified.

33 **Sec. 10.** RCW 84.48.080 and 2001 c 185 s 12 are each amended to
34 read as follows:

35 (1) Annually during the months of September and October, the
36 department of revenue shall examine and compare the returns of the
37 assessment of the property in the several counties of the state, and

1 the assessment of the property of railroad and other companies assessed
2 by the department, and proceed to equalize the same, so that each
3 county in the state shall pay its due and just proportion of the taxes
4 for state purposes for such assessment year, according to the ratio the
5 assessed valuation of the property in each county bears to the correct
6 total assessed valuation of all property in the state.

7 (a) The department shall classify all property, real and personal,
8 and shall raise and lower the assessed valuation of any class of
9 property in any county to a value that shall be equal, so far as
10 possible, to the (~~true and fair~~) correct assessed value of such class
11 as of January 1st of the current year, after determining the correct
12 appraised value, and any adjustment applicable under section 1 of this
13 act for the property, for the purpose of ascertaining the just amount
14 of tax due from each county for state purposes. In equalizing personal
15 property as of January 1st of the current year, the department shall
16 use valuation data with respect to personal property from the three
17 years immediately preceding the current assessment year in a manner it
18 deems appropriate. Such classification may be on the basis of types of
19 property, geographical areas, or both. For purposes of this section,
20 for each county that has not provided the department with an assessment
21 return by December 1st, the department shall proceed, using facts and
22 information and in a manner it deems appropriate, to estimate the value
23 of each class of property in the county.

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

26 (2) The department shall levy the state taxes authorized by law.
27 The amount levied in any one year for general state purposes shall not
28 exceed the lawful dollar rate on the dollar of the assessed value of
29 the property of the entire state(~~, which assessed value shall be one~~
30 ~~hundred percent of the true and fair value of the property in money~~)
31 as equalized under this section. The department shall apportion the
32 amount of tax for state purposes levied by the department, among the
33 several counties, in proportion to the assessed valuation of the
34 taxable property of the county for the year as equalized by the
35 department: PROVIDED, That for purposes of this apportionment, the
36 department shall recompute the previous year's levy and the
37 apportionment thereof to correct for changes and errors in taxable
38 values reported to the department after October 1 of the preceding year

1 and shall adjust the apportioned amount of the current year's state
2 levy for each county by the difference between the apportioned amounts
3 established by the original and revised levy computations for the
4 previous year. For purposes of this section, changes in taxable values
5 mean a final adjustment made by a county board of equalization, the
6 state board of tax appeals, or a court of competent jurisdiction and
7 shall include additions of omitted property, other additions or
8 deletions from the assessment or tax rolls, any assessment return
9 provided by a county to the department subsequent to December 1st, or
10 a change in the indicated ratio of a county. Errors in taxable values
11 mean errors corrected by a final reviewing body.

12 In addition to computing a levy under this subsection that is
13 reduced under RCW 84.55.012, the department shall compute a
14 hypothetical levy without regard to the reduction under RCW 84.55.012.
15 This hypothetical levy shall also be apportioned among the several
16 counties in proportion to the valuation of the taxable property of the
17 county for the year, as equalized by the department, in the same manner
18 as the actual levy and shall be used by the county assessors for the
19 purpose of recomputing and establishing a consolidated levy under RCW
20 84.52.010.

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

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

30 **Sec. 11.** RCW 84.12.270 and 2001 c 187 s 3 are each amended to read
31 as follows:

32 The department of revenue shall annually make an assessment of the
33 operating property of all companies; and between the fifteenth day of
34 March and the first day of July of each year shall prepare an
35 assessment roll upon which it shall enter (~~(and assess)~~) the (~~(true and~~
36 ~~fair)~~) assessed value of all the operating property of each of such
37 companies as of the first day of January of the year in which the

1 assessment is made. For the purpose of determining the (~~true and~~
2 ~~fair~~) assessed value of such property the department of revenue may
3 inspect the property belonging to said companies and may take into
4 consideration any information or knowledge obtained by it from such
5 examination and inspection of such property, or of the books, records,
6 and accounts of such companies, the statements filed as required by
7 this chapter, the reports, statements, or returns of such companies
8 filed in the office of any board, office, or commission of this state
9 or any county thereof, the earnings and earning power of such
10 companies, the franchises owned or used by such companies, the true and
11 fair valuation of any and all property of such companies, whether
12 operating or nonoperating property, and whether situated within or
13 outside the state, and any other facts, evidence, or information that
14 may be obtainable bearing upon the value of the operating property:
15 PROVIDED, That in no event shall any statement or report required from
16 any company by this chapter be conclusive upon the department of
17 revenue in determining the amount, character, and true and fair value
18 of the operating property of such company.

19 **Sec. 12.** RCW 84.12.280 and 2001 c 187 s 4 are each amended to read
20 as follows:

21 (1) In making the assessment of the operating property of any
22 railroad or logging railroad company and in the apportionment of the
23 values and the taxation thereof, all land occupied and claimed
24 exclusively as the right-of-way for railroads, with all the tracks and
25 substructures and superstructures which support the same, together with
26 all side tracks, second tracks, turn-outs, station houses, depots,
27 round houses, machine shops, or other buildings belonging to the
28 company, used in the operation thereof, without separating the same
29 into land and improvements, shall be assessed as real property. And
30 the rolling stock and other movable property belonging to any railroad
31 or logging railroad company shall be considered as personal property
32 and taxed as such: PROVIDED, That all of the operating property of
33 street railway companies shall be assessed and taxed as personal
34 property.

35 (2) All of the operating property of airplane companies, telegraph
36 companies, pipe line companies, and all of the operating property other

1 than lands and buildings of electric light and power companies,
2 telephone companies, and gas companies shall be assessed and taxed as
3 personal property.

4 (3) Notwithstanding subsections (1) and (2) of this section, the
5 limit provided under section 1 of this act shall be applied in the
6 assessment of property under this section to the same extent as that
7 limit is generally applied to property not assessed under this chapter.

8 **Sec. 13.** RCW 84.12.310 and 2001 c 187 s 5 are each amended to read
9 as follows:

10 For the purpose of determining the system value of the operating
11 property of any such company, the department of revenue shall deduct
12 from the (~~true and fair~~) assessed value of the total assets of such
13 company, the (~~actual cash~~) assessed value of all nonoperating
14 property owned by such company. For such purpose the department of
15 revenue may require of the assessors of the various counties within
16 this state a detailed list of such company's properties assessed by
17 them, together with the assessable or assessed value thereof:
18 PROVIDED, That such assessed or assessable value shall be advisory only
19 and not conclusive on the department of revenue as to the value
20 thereof.

21 **Sec. 14.** RCW 84.12.330 and 2001 c 187 s 6 are each amended to read
22 as follows:

23 Upon the assessment roll shall be placed after the name of each
24 company a general description of the operating property of the company,
25 which shall be considered sufficient if described in the language of
26 RCW 84.12.200(12), as applied to the company, following which shall be
27 entered the (~~true and fair~~) assessed value of the operating property
28 as determined by the department of revenue. No assessment shall be
29 invalidated by reason of a mistake in the name of the company assessed,
30 or the omission of the name of the owner or by the entry as owner of a
31 name other than that of the true owner. When the department of revenue
32 shall have prepared the assessment roll and entered thereon the (~~true
33 and fair~~) assessed value of the operating property of the company, as
34 herein required, it shall notify the company by mail of the valuation
35 determined by it and entered upon the roll.

1 **Sec. 15.** RCW 84.12.350 and 2001 c 187 s 7 are each amended to read
2 as follows:

3 Upon determination by the department of revenue of the (~~true and~~
4 ~~fair~~) assessed value of the property appearing on such rolls it shall
5 apportion such value to the respective counties entitled thereto, as
6 hereinafter provided, and shall determine the equalized assessed
7 valuation of such property in each such county and in the several
8 taxing districts therein, by applying to such actual apportioned value
9 the same ratio as the ratio of assessed to (~~actual~~) the correct
10 assessed value of the general property in such county: PROVIDED, That,
11 whenever the amount of the (~~true and fair~~) correct assessed value of
12 the operating property of any company otherwise apportionable to any
13 county or other taxing district shall be less than two hundred fifty
14 dollars, such amount need not be apportioned to such county or taxing
15 district but may be added to the amount apportioned to an adjacent
16 county or taxing district.

17 **Sec. 16.** RCW 84.16.040 and 2001 c 187 s 9 are each amended to read
18 as follows:

19 The department of revenue shall annually make an assessment of the
20 operating property of each private car company; and between the first
21 day of May and the first day of July of each year shall prepare an
22 assessment roll upon which it shall enter (~~and assess~~) the (~~true and~~
23 ~~fair~~) assessed value of all the operating property of each of such
24 companies as of the first day of January of the year in which the
25 assessment is made. For the purpose of determining the (~~true and~~
26 ~~fair~~) assessed value of such property the department of revenue may
27 take into consideration any information or knowledge obtained by it
28 from an examination and inspection of such property, or of the books,
29 records, and accounts of such companies, the statements filed as
30 required by this chapter, the reports, statements, or returns of such
31 companies filed in the office of any board, office, or commission of
32 this state or any county thereof, the earnings and earning power of
33 such companies, the franchises owned or used by such companies, the
34 true and fair valuation of any and all property of such companies,
35 whether operating property or nonoperating property, and whether
36 situated within or without the state, and any other facts, evidences,
37 or information that may be obtainable bearing upon the value of the

1 operating property: PROVIDED, That in no event shall any statement or
2 report required from any company by this chapter be conclusive upon the
3 department of revenue in determining the amount, character, and (~~true~~
4 ~~and fair~~) assessed value of the operating property of such company.

5 **Sec. 17.** RCW 84.16.050 and 2001 c 187 s 10 are each amended to
6 read as follows:

7 The department of revenue may, in determining the (~~true and fair~~)
8 assessed value of the operating property to be placed on the assessment
9 roll value the entire property as a unit. If the company owns, leases,
10 operates or uses property partly within and partly without the state,
11 the department of revenue may determine the value of the operating
12 property within this state by the proportion that the value of such
13 property bears to the value of the entire operating property of the
14 company, both within and without this state. In determining the
15 operating property which is located within this state the department of
16 revenue may consider and base such determination on the proportion
17 which the number of car miles of the various classes of cars made in
18 this state bears to the total number of car miles made by the same cars
19 within and without this state, or to the total number of car miles made
20 by all cars of the various classes within and without this state. If
21 the value of the operating property of the company cannot be fairly
22 determined in such manner the department of revenue may use any other
23 reasonable and fair method to determine the value of the operating
24 property of the company within this state.

25 **Sec. 18.** RCW 84.16.090 and 2001 c 187 s 11 are each amended to
26 read as follows:

27 Upon the assessment roll shall be placed after the name of each
28 company a general description of the operating property of the company,
29 which shall be considered sufficient if described in the language of
30 RCW 84.16.010(3) or otherwise, following which shall be entered the
31 (~~true and fair~~) assessed value of the operating property as
32 determined by the department of revenue. No assessment shall be
33 invalid by a mistake in the name of the company assessed, by omission
34 of the name of the owner or by the entry of a name other than that of
35 the true owner. When the department of revenue shall have prepared the
36 assessment roll and entered thereon the (~~true and fair~~) assessed

1 value of the operating property of the company, as required, it shall
2 notify the company by mail of the valuation determined by it and
3 entered upon the roll; and thereupon (~~such~~) the assessed valuation
4 shall become the (~~true and fair~~) assessed value of the operating
5 property of the company, subject to revision or correction by the
6 department of revenue as hereinafter provided; and shall be the
7 valuation upon which, after equalization by the department of revenue
8 as hereinafter provided, the taxes of such company shall be based and
9 computed.

10 **Sec. 19.** RCW 84.16.110 and 2001 c 187 s 12 are each amended to
11 read as follows:

12 Upon determination by the department of revenue of the (~~true and~~
13 ~~fair~~) correct assessed value of the property appearing on such rolls
14 the department shall apportion such value to the respective counties
15 entitled thereto as hereinafter provided, and shall determine the
16 equalized or assessed valuation of such property in such counties by
17 applying to such actual apportioned value the same ratio as the ratio
18 of assessed to (~~actual~~) the correct assessed value of the general
19 property of the respective counties: PROVIDED, That, whenever the
20 amount of the (~~true and fair~~) correct assessed value of the operating
21 property of any company otherwise apportionable to any county shall be
22 less than two hundred fifty dollars, such amount need not be
23 apportioned to such county but may be added to the amount apportioned
24 to an adjacent county.

25 **Sec. 20.** RCW 84.16.120 and 2001 c 187 s 13 are each amended to
26 read as follows:

27 The (~~true and fair~~) assessed value of the property of each
28 company as fixed and determined by the department of revenue as herein
29 provided shall be apportioned to the respective counties in the
30 following manner:

31 (1) If all the operating property of the company is situated
32 entirely within a county and none of such property is located within,
33 extends into, or through or is operated into or through any other
34 county, the entire value thereof shall be apportioned to the county
35 within which such property is situated, located, and operated.

1 (2) If the operating property of any company is situated or located
2 within, extends into or is operated into or through more than one
3 county, the value thereof shall be apportioned to the respective
4 counties into or through which its cars are operated in the proportion
5 that the length of main line track of the respective railroads moving
6 such cars in such counties bears to the total length of main line track
7 of such respective railroads in this state.

8 (3) If the property of any company is of such character that it
9 will not be reasonable, feasible or fair to apportion the value as
10 hereinabove provided, the value thereof shall be apportioned between
11 the respective counties into or through which such property extends or
12 is operated or in which the same is located in such manner as may be
13 reasonable, feasible and fair.

14 **Sec. 21.** RCW 84.36.041 and 2001 c 187 s 14 are each amended to
15 read as follows:

16 (1) All real and personal property used by a nonprofit home for the
17 aging that is reasonably necessary for the purposes of the home is
18 exempt from taxation if the benefit of the exemption inures to the home
19 and:

20 (a) At least fifty percent of the occupied dwelling units in the
21 home are occupied by eligible residents; or

22 (b) The home is subsidized under a federal department of housing
23 and urban development program. The department of revenue shall provide
24 by rule a definition of homes eligible for exemption under this
25 subsection (1)(b), consistent with the purposes of this section.

26 (2) All real and personal property used by a nonprofit home for the
27 aging that is reasonably necessary for the purposes of the home is
28 exempt from taxation if the benefit of the exemption inures to the home
29 and the construction, rehabilitation, acquisition, or refinancing of
30 the home is financed under a program using bonds exempt from federal
31 income tax if at least seventy-five percent of the total amount
32 financed uses the tax exempt bonds and the financing program requires
33 the home to reserve a percentage of all dwelling units so financed for
34 low-income residents. The initial term of the exemption under this
35 subsection shall equal the term of the tax exempt bond used in
36 connection with the financing program, or the term of the requirement
37 to reserve dwelling units for low-income residents, whichever is

1 shorter. If the financing program involves less than the entire home,
2 only those dwelling units included in the financing program are
3 eligible for total exemption. The department of revenue shall provide
4 by rule the requirements for monitoring compliance with the provisions
5 of this subsection and the requirements for exemption including:

6 (a) The number or percentage of dwelling units required to be
7 occupied by low-income residents, and a definition of low income;

8 (b) The type and character of the dwelling units, whether
9 independent units or otherwise; and

10 (c) Any particular requirements for continuing care retirement
11 communities.

12 (3) A home for the aging is eligible for a partial exemption on the
13 real property and a total exemption for the home's personal property if
14 the home does not meet the requirements of subsection (1) of this
15 section because fewer than fifty percent of the occupied dwelling units
16 are occupied by eligible residents, as follows:

17 (a) A partial exemption shall be allowed for each dwelling unit in
18 a home occupied by a resident requiring assistance with activities of
19 daily living.

20 (b) A partial exemption shall be allowed for each dwelling unit in
21 a home occupied by an eligible resident.

22 (c) A partial exemption shall be allowed for an area jointly used
23 by a home for the aging and by a nonprofit organization, association,
24 or corporation currently exempt from property taxation under one of the
25 other provisions of this chapter. The shared area must be reasonably
26 necessary for the purposes of the nonprofit organization, association,
27 or corporation exempt from property taxation under one of the other
28 provisions of this chapter, such as kitchen, dining, and laundry areas.

29 (d) The amount of exemption shall be calculated by multiplying the
30 assessed value of the property reasonably necessary for the purposes of
31 the home, less the assessed value of any area exempt under (c) of this
32 subsection, by a fraction. The numerator of the fraction is the number
33 of dwelling units occupied by eligible residents and by residents
34 requiring assistance with activities of daily living. The denominator
35 of the fraction is the total number of occupied dwelling units as of
36 December 31st of the first assessment year the home becomes operational
37 for which exemption is claimed and January 1st of each subsequent
38 assessment year for which exemption is claimed.

1 (4) To be exempt under this section, the property must be used
2 exclusively for the purposes for which the exemption is granted, except
3 as provided in RCW 84.36.805.

4 (5) A home for the aging is exempt from taxation only if the
5 organization operating the home is exempt from income tax under section
6 501(c) of the federal internal revenue code as existing on January 1,
7 1989, or such subsequent date as the director may provide by rule
8 consistent with the purposes of this section.

9 (6) In order for the home to be eligible for exemption under
10 subsections (1)(a) and (3)(b) of this section, each eligible resident
11 of a home for the aging shall submit an income verification form to the
12 county assessor by July 1st of the assessment year for which exemption
13 is claimed. However, during the first year a home becomes operational,
14 the county assessor shall accept income verification forms from
15 eligible residents up to December 31st of the assessment year. The
16 income verification form shall be prescribed and furnished by the
17 department of revenue. An eligible resident who has filed a form for
18 a previous year need not file a new form until there is a change in
19 status affecting the person's eligibility.

20 (7) In determining the (~~true and fair~~) assessed value of a home
21 for the aging for purposes of the partial exemption provided by
22 subsection (3) of this section, the assessor shall apply the
23 computation method provided by RCW 84.34.060 and shall consider only
24 the use to which such property is applied during the years for which
25 such partial exemptions are available and shall not consider potential
26 uses of such property.

27 (8) As used in this section:

28 (a) "Eligible resident" means a person who:

29 (i) Occupied the dwelling unit as a principal place of residence as
30 of December 31st of the first assessment year the home becomes
31 operational. In each subsequent year, the eligible resident must
32 occupy the dwelling unit as a principal place of residence as of
33 January 1st of the assessment year for which the exemption is claimed.
34 Confinement of the person to a hospital or nursing home does not
35 disqualify the claim of exemption if the dwelling unit is temporarily
36 unoccupied or if the dwelling unit is occupied by a spouse, a person
37 financially dependent on the claimant for support, or both; and

1 (ii) Is sixty-one years of age or older on December 31st of the
2 year in which the exemption claim is filed, or is, at the time of
3 filing, retired from regular gainful employment by reason of physical
4 disability. Any surviving spouse of a person who was receiving an
5 exemption at the time of the person's death shall qualify if the
6 surviving spouse is fifty-seven years of age or older and otherwise
7 meets the requirements of this subsection; and

8 (iii) Has a combined disposable income of no more than the greater
9 of twenty-two thousand dollars or eighty percent of the median income
10 adjusted for family size as most recently determined by the federal
11 department of housing and urban development for the county in which the
12 person resides. For the purposes of determining eligibility under this
13 section, a "cotenant" means a person who resides with an eligible
14 resident and who shares personal financial resources with the eligible
15 resident.

16 (b) "Combined disposable income" means the disposable income of the
17 person submitting the income verification form, plus the disposable
18 income of his or her spouse, and the disposable income of each cotenant
19 occupying the dwelling unit for the preceding calendar year, less
20 amounts paid by the person submitting the income verification form or
21 his or her spouse or cotenant during the previous year for the
22 treatment or care of either person received in the dwelling unit or in
23 a nursing home. If the person submitting the income verification form
24 was retired for two months or more of the preceding year, the combined
25 disposable income of such person shall be calculated by multiplying the
26 average monthly combined disposable income of such person during the
27 months such person was retired by twelve. If the income of the person
28 submitting the income verification form is reduced for two or more
29 months of the preceding year by reason of the death of the person's
30 spouse, the combined disposable income of such person shall be
31 calculated by multiplying the average monthly combined disposable
32 income of such person after the death of the spouse by twelve.

33 (c) "Disposable income" means adjusted gross income as defined in
34 the federal internal revenue code, as amended prior to January 1, 1989,
35 or such subsequent date as the director may provide by rule consistent
36 with the purpose of this section, plus all of the following items to
37 the extent they are not included in or have been deducted from adjusted
38 gross income:

1 (i) Capital gains, other than gain excluded from income under
2 section 121 of the federal internal revenue code to the extent it is
3 reinvested in a new principal residence;

4 (ii) Amounts deducted for loss;

5 (iii) Amounts deducted for depreciation;

6 (iv) Pension and annuity receipts;

7 (v) Military pay and benefits other than attendant-care and
8 medical-aid payments;

9 (vi) Veterans benefits other than attendant-care and medical-aid
10 payments;

11 (vii) Federal social security act and railroad retirement benefits;

12 (viii) Dividend receipts; and

13 (ix) Interest received on state and municipal bonds.

14 (d) "Resident requiring assistance with activities of daily living"
15 means a person who requires significant assistance with the activities
16 of daily living and who would be at risk of nursing home placement
17 without this assistance.

18 (e) "Home for the aging" means a residential housing facility that
19 (i) provides a housing arrangement chosen voluntarily by the resident,
20 the resident's guardian or conservator, or another responsible person;
21 (ii) has only residents who are at least sixty-one years of age or who
22 have needs for care generally compatible with persons who are at least
23 sixty-one years of age; and (iii) provides varying levels of care and
24 supervision, as agreed to at the time of admission or as determined
25 necessary at subsequent times of reappraisal.

26 (9) A for-profit home for the aging that converts to nonprofit
27 status after June 11, 1992, and would otherwise be eligible for tax
28 exemption under this section may not receive the tax exemption until
29 five years have elapsed since the conversion. The exemption shall then
30 be ratably granted over the next five years.

31 **Sec. 22.** RCW 84.52.063 and 2001 c 187 s 25 are each amended to
32 read as follows:

33 A rural library district may impose a regular property tax levy in
34 an amount equal to that which would be produced by a levy of fifty
35 cents per thousand dollars of assessed value multiplied by an equalized
36 assessed valuation (~~(equal to one hundred percent of the true and fair~~
37 ~~value of the taxable property in the rural library district)), as~~

1 determined by the department of revenue's indicated county ratio:
2 PROVIDED, That when any county assessor shall find that the aggregate
3 rate of levy on any property will exceed the limitation set forth in
4 RCW 84.52.043 and 84.52.050, as now or hereafter amended, before
5 recomputing and establishing a consolidated levy in the manner set
6 forth in RCW 84.52.010, the assessor shall first reduce the levy of any
7 rural library district, by such amount as may be necessary, but the
8 levy of any rural library district shall not be reduced to less than
9 fifty cents per thousand dollars against the value of the taxable
10 property, as determined by the county, prior to any further adjustments
11 pursuant to RCW 84.52.010. For purposes of this section "regular
12 property tax levy" shall mean a levy subject to the limitations
13 provided for in Article VII, section 2 of the state Constitution and/or
14 by statute.

15 **Sec. 23.** RCW 84.70.010 and 2005 c 56 s 1 are each amended to read
16 as follows:

17 (1) If, on or before December 31 in any calendar year, any real or
18 personal property placed upon the assessment roll of that year is
19 destroyed in whole or in part, or is in an area that has been declared
20 a disaster area by the governor or the county legislative authority and
21 has been reduced in value by more than twenty percent as a result of a
22 natural disaster, the (~~true and fair~~) assessed value of such property
23 shall be reduced for that assessment year by an amount determined by
24 taking the (~~true and fair~~) assessed value of such taxable property
25 before destruction or reduction in value and deduct therefrom the true
26 and fair value of the remaining property after destruction or reduction
27 in value.

28 (2) Taxes levied for collection in the year in which the true and
29 fair value has been reduced under subsection (1) of this section shall
30 be abated in whole or in part as provided in this subsection. The
31 amount of taxes to be abated shall be determined by first multiplying
32 the amount deducted from the (~~true and fair~~) assessed value under
33 subsection (1) of this section by the rate of levy applicable to the
34 property in the tax year. Then divide the product by the number of
35 days in the year and multiply the quotient by the number of days
36 remaining in the calendar year after the date of the destruction or
37 reduction in value of the property. If taxes abated under this section

1 have been paid, the amount paid shall be refunded under RCW 84.69.020.
2 The tax relief provided for in this section for the tax year in which
3 the damage or destruction occurred does not apply to property damaged
4 or destroyed voluntarily.

5 (3) No reduction in the (~~true and fair~~) assessed value or
6 abatements shall be made more than three years after the date of
7 destruction or reduction in value.

8 (4) The assessor shall make such reduction on his or her own
9 motion; however, the taxpayer may make application for reduction on
10 forms prepared by the department and provided by the assessor. The
11 assessor shall notify the taxpayer of the amount of reduction.

12 (5) If destroyed property is replaced prior to the valuation dates
13 contained in RCW 36.21.080 and 36.21.090, the total taxable value for
14 that assessment year shall not exceed the value as of the appropriate
15 valuation date in RCW 36.21.080 or 36.21.090, whichever is appropriate.

16 (6) The taxpayer may appeal the amount of reduction to the county
17 board of equalization in accordance with the provisions of RCW
18 84.40.038. The board shall reconvene, if necessary, to hear the
19 appeal.

20 NEW SECTION. **Sec. 24.** This act applies to taxes levied in 2008
21 for collection in 2009 and thereafter.

22 NEW SECTION. **Sec. 25.** This act takes effect if the proposed
23 amendment to Article VII, section 1 of the state Constitution (House
24 Joint Resolution No. . . . , (H-0591/07)) regarding limits on
25 assessed values for property is validly submitted to and is approved
26 and ratified by the voters at the next general election. If the
27 proposed amendment is not approved and ratified, this act is void in
28 its entirety.

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