SENATE BILL REPORT
SB 5099

As of January 27, 2009

Title: An act relating to annual revaluations of property for property tax purposes.

Brief Description: Requiring annual revaluations of property for property tax purposes.

Sponsors: Senators Parlette, Hatfield, Shin, Kilmer, Fraser and Regala.

Brief History:
Committee Activity: Ways & Means: 1/28/09.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: Article 7, Section 1 of the State Constitution provides that all taxes must be uniform on the same class of property. This means that taxes must be the same on property of the same value and requires both an equal rate and equality in valuing the property taxed. Further, assessed value must be equal to 100 percent of the fair market value of the property, unless the property qualifies under a special tax relief program.

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.

County assessors establish new assessed values on a regular revaluation cycle. The length of revaluation cycles vary by county. Seventeen 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. Twenty counties are on a program of annual updates. Values are adjusted annually based on market value statistical data.

Summary of Bill: By January 1, 2014, all counties must revalue real property annually. The Department of Revenue provides guidance and financial assistance to counties converting to annual revaluations. Upon request, the Department of Revenue must assist counties in the valuation of industrial property estimated to exceed $25 million.

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.

The Department of Revenue operates a grant program to assist counties with converting to annual revaluations and for replacing computer systems used for revaluations. Grants are limited to $500,000 per county. The Annual Property Revaluation Grant Account is created and appropriated $5 million in fiscal year 2010 and 2011 for this purpose.

Appropriation: $5 million in fiscal year 2010 and 2011 for the grant program. $254,000 in fiscal year 2010 and fiscal year 2011 for the Department of Revenue.

Fiscal Note: Requested on January 21, 2009.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.