

HOUSE BILL REPORT

HB 2638

As Reported by House Committee On:
Local Government

Title: An act relating to creating greater efficiency and productivity in the offices of county assessors.

Brief Description: Creating greater efficiency and productivity in the offices of county assessors.

Sponsors: Representative Takko.

Brief History:

Committee Activity:

Local Government: 1/27/12, 1/31/12 [DPS].

Brief Summary of Substitute Bill

- Authorizes county assessors to send notices and other information electronically in certain circumstances.
- Repeals the credit allowed against the leasehold excise tax that limits the amount of the tax to what the property tax would be if the applicable property were in private ownership.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Takko, Chair; Fitzgibbon, Vice Chair; Angel, Ranking Minority Member; Asay, Assistant Ranking Minority Member; Rodne, Smith, Springer, Tharinger and Upthegrove.

Staff: Kelly Pfundheller (786-7289).

Background:

County Assessors.

County assessors (assessors) determine the value of all taxable and real personal property in the applicable county for the purpose of determining the tax liabilities of property owners.

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 assessor also calculates the tax rate necessary to raise the correct amount of property taxes for each taxing district and administers a variety of tax exemptions.

Notices and Information Sent by County Assessors.

The assessor is required to send certain notices and information by mail. This includes, but is not limited to, notices sent to taxpayers regarding:

- any change in the true and fair value of his or her real property;
- the assessed value of his or her personal property;
- the amount of a compensating tax owed when a designation of land as forest land has been removed; and
- the amount of a tax owed when the assessor elects to treat severed timber as personal property.

Leasehold Excise Tax Credit and Valuation of Publicly Owned Property.

Property owned by federal, state, or local governments is exempt from the property tax. However, private lessees of government property are subject to the leasehold excise tax. The purpose of the leasehold excise tax is to impose a tax burden on persons using publicly owned, tax-exempt property similar to the property tax that they would pay if they owned the property. The tax is collected by public entities that lease property to private parties. Common examples of property subject to the leasehold excise tax include: port property upon which lessees construct warehouses and manufacturing plants; airline facilities at public airports; state grazing lands; and national forest land leased for recreational cabins.

A credit is allowed against the leasehold excise tax to the extent that the amount of the leasehold excise tax exceeds the amount of property tax that would otherwise be due if the property were privately owned. The credit ensures that the leasehold excise tax is essentially equivalent to the property tax in its application. While the assessor is generally not required to place a value on publicly owned property, the Department of Revenue or a lessee of public property may request that the assessor conduct a valuation of public property for the purposes of determining the amount of the credit to be allowed against the leasehold excise tax.

Summary of Substitute Bill:

Notices and Information Sent by County Assessors.

In instances in which the assessor is required to notify or has otherwise customarily notified persons by mail of assessments or other information, the assessor may send notification electronically. In order to send electronic notices, the assessor must acquire authorization from the person entitled to receive the information. A person may provide authorization for a particular type of information or may provide a blanket authorization for all information. If the communication concerns taxpayer information that is subject to certain confidentiality requirements, the assessor must use methods reasonably designated to protect the information from unauthorized disclosure, unless the taxpayer provides a waiver.

Electronic transmittal may include electronic mail (e-mail) or other electronic means reasonably calculated to apprise the person of the information. Information is deemed to have been mailed and received on the date that the assessor electronically sends the

information or electronically notifies the person that the information is available to be accessed.

Information compiled or possessed by the assessor for the purposes of providing notice is not subject to disclosure under the Public Records Act. This information includes, but is not limited to: taxpayer e-mail addresses, waivers, waiver requests, waiver revocations, and passwords or other methods of protecting taxpayer information.

The assessor is not required to send notices with respect to changes in valuation of publicly owned property.

Leasehold Excise Tax Credit and Valuation of Publicly Owned Property.

The credit allowed against the leasehold excise tax that limits the amount of the tax to what the property tax would be if the applicable property were in private ownership is repealed.

The assessor is not required to conduct a valuation of public property. However, when the exempt status of public property no longer applies as a result of a sale or change in use, the assessor must value and list the property as of the January 1 assessment date. Subsequently, the owner or person responsible for payment of taxes may petition the county Board of Equalization for a change in the assessed value.

Substitute Bill Compared to Original Bill:

The substitute bill requires the assessor to obtain written authorization from a person prior to sending assessments, notices, and other information electronically. A person may revoke a previous authorization. The substitute bill removes provisions requiring the assessor to establish procedures for determining when certain qualifying persons may elect to receive non-electronic notices.

The substitute bill restores the tax credit currently allowed against the leasehold excise tax for low-income seniors and disabled veterans who would otherwise qualify for a property tax exemption if the property were privately owned.

Appropriation: None.

Fiscal Note: Requested on January 26, 2012.

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

Staff Summary of Public Testimony:

(In support) The bill allows assessors, on a discretionary basis, to send notices electronically. It is crafted in a way that would allow persons who do not use computers to continue to receive notices by mail. In addition, the bill provides that assessors will be required to value

public property only when it is necessary. This is intended to build efficiencies into the system.

The bill should be amended to restore the tax credit currently given to seniors and veterans.

(Opposed) None.

Persons Testifying: Representative Takko, prime sponsor; and Monty Cobb, Washington Association of County Officials.

Persons Signed In To Testify But Not Testifying: None.