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**SUBSTITUTE HOUSE BILL 1494**

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**State of Washington 67th Legislature 2021 Regular Session**

**By** House Finance (originally sponsored by Representatives Harris-Talley, Berg, Davis, Wicks, Peterson, Ortiz-Self, Orwall, Gregerson, Chapman, Ramel, Simmons, Berry, Lekanoff, Frame, Hackney, Slatter, Duerr, Kirby, Thai, Valdez, Ormsby, and Morgan)

AN ACT Relating to providing housing safety, security, and protection for Washington families by creating the antidisplacement property tax exemption; amending RCW 84.48.010, 84.48.110, and 84.69.020; adding new sections to chapter 84.36 RCW; adding a new section to chapter 84.52 RCW; creating new sections; and providing a contingent effective date.

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

NEW SECTION. **Sec.**  (1) The legislature finds that home and housing security is more important to Washingtonians than ever before. The COVID-19 pandemic prompted Washington governor Jay Inslee to institute a stay-at-home order in March 2020, obliging millions of nonessential employees to remain at home. Governor Inslee also declared a statewide emergency in September 2020, when west coast wildfires destroyed 181 homes in Washington state and made outdoor air unbreathable for many weeks, leading millions to seek refuge indoors and in their homes.

(2) The legislature further finds that: Homeownership is the main mechanism for building wealth for individuals and families in the middle class; owning a home is a way to create wealth and pass it on generationally; and institutional class and racial biases limits access to home ownership for many Washingtonians.

(3) The legislature further finds that middle class families have disproportionate tax responsibility due, in part, to property tax liability.

(4) The legislature further finds that our paramount duty to fund common schools and increase equity in education relies on tax revenue that is disproportionately reliant on taxes paid by middle class property and homeowners, and that the inequities in our tax code limits access and sustainability of homeownership for working families, black, indigenous, and people of color homeowners, and elders, who are those age 65 and older, due, in part, to this over reliance on property taxes pricing them out of their homes.

(5) The legislature further finds that we are living through a new civil rights moment, a moment of reflection and remedy of racial disparity in policing, employment, schools, and housing, and recognizes the link to racial and class bias in economic systems of capitalism. In 2018, the national assessment of education and progress found that Washington state ranked last among all fifty states in closing the white-black achievement gap among eighth graders between 2003 and 2017. In Washington state, black Americans earn 76 cents on the dollar of their white counterparts.

(6) The legislature recognizes that working families, black, indigenous, and people of color communities, and elders in Washington state are subject to more displacement and gentrification than other homeowners, and that racial justice cannot be realized without economic justice and access to housing and land, and that the enforcement of property tax laws has a socioeconomic and racial disparity impact generationally.

(7) The legislature further finds a loss of homeownership for working families has been extraordinary, particularly homeownership rates in black, indigenous, and people of color communities, including in King county, which has the largest concentration of black families in the state. Black family homeownership in King county since 1970, when the rate of black homeownership was at 49 percent, versus 64.2 percent for white families, has fallen by 2015 to 28 percent versus 63 percent for white families, as reported in the Seattle Times.

(8) The legislature further finds that working families, black, indigenous, and people of color families, and elders experience more home foreclosure and forfeiture than other homeowners in Washington state, and that many home foreclosures are due to owing back property taxes.

(9) The legislature further finds that many Washingtonians are vulnerable to foreclosure by mortgage holders and other secured creditors, despite the homestead exemption limited in bankruptcy statute, RCW 6.13.030, which is a tool to protect the head of household from having their homes confiscated and sold to satisfy debts from unsecured creditors.

(10) Therefore, it is the intent of the legislature to prevent more loss of real property and the displacement of working families, black, indigenous, and people of color communities, and elders. By exempting a portion of tax of one's primary residence, we can lower the inequities of cost of homeownership and responsibility of taxation, with the goal of making sure individuals can reside, raise their families, age in place, and stay in the communities they call home, without fear of displacement due to crises and/or increase in land and home value assessment. This is a means of providing equity in the tax code and serves as an antidisplacement tool for community land trusts, cooperative owners, and homeowners across Washington.

NEW SECTION. **Sec.**  A new section is added to chapter 84.36 RCW to read as follows:

(1)(a) Subject to the conditions in this section, a portion of the assessed value of a qualified residence is exempt from the state levy but not from property taxes levied by any local taxing district. Subject to the adjustments and limitations in subsection (2) of this section, the antidisplacement property exemption from the state levy is equal to:

(i) For taxes levied for collection in 2024 and thereafter:

(A) Up to the lesser of the maximum exemption amount, or the amount calculated pursuant to section 3 of this act, of the assessed valuation of each qualified residential tax parcel consisting of fewer than three residences; and

(B) Up to the lesser of the maximum exemption amount, or the amount calculated pursuant to section 3 of this act, of the assessed valuation of each qualified residence within a multiunit residential dwelling wherein each residence is owned and taxed separately or is owned by members of a cooperative housing association, corporation, or partnership; and

(ii) For taxes levied for collection in 2026 and each subsequent year, the maximum amount of antidisplacement property tax exemption may be increased from the prior year's maximum exemption amount. The amount of such increase for a year is equal to the percentage growth in the state levy between the state levy for collection in the preceding year as compared to the state levy for collection two years ago. The department is responsible for making a determination of any increase in the amount of the antidisplacement property tax exemption and may round the dollar amount of the exemption to the nearest $1,000.

(b) For purposes of (a) of this subsection, "maximum amount of antidisplacement property tax exemption" and "maximum exemption amount" mean:

(i) $250,000 for taxes levied for collection in 2024 and 2025; and

(ii) For taxes levied for collection in each subsequent year, the full exemption amount under (a) of this subsection, notwithstanding any reduction in the exemption amount required under section 3 of this act.

(2)(a) The county assessor must multiply the amount of the antidisplacement property tax exemption for a tax year by the combined indicated ratio fixed by the department for the county in which the qualified residence is located and used by the department to determine the equalized state levy for that county for that tax year.

(b) The amount of the antidisplacement property tax exemption for a qualified residence may not result in a tax reduction that exceeds the amount of state property taxes that would otherwise be levied on that qualified residence.

(3) The antidisplacement property tax exemption is in addition to the exemption provided in RCW 84.36.379 through 84.36.389.

(4)(a)(i) The antidisplacement property tax exemption must be claimed by filing an application with the department by April 30th of the calendar year prior to the year for which the exemption will be received.

(ii) The department shall provide the means for claimants to annually claim the antidisplacement property tax exemption for their primary qualified residence online. The department must also make paper applications available to claimants upon request. Each county assessor must also make applications available at the assessor's office, on the assessor's official website, and by mail or email upon request.

(iii) The department shall determine whether claimants have applied for an exemption for only a single qualified residence for the applicable calendar year. As resources allow, the department must notify claimants who appear to have applied for more than one residence or when the department is unable to confirm that the claimant applied for an exemption for only a single qualified residence. Such notification may be provided electronically and include a request for additional information needed to confirm that the claimant has applied for only a single qualified residence.

(iv) By August 1st each year, the department must provide each county assessor a list of all claimants, parcels, and other information necessary for the assessor to determine if a claimant meets the eligibility requirements for the antidisplacement property tax exemption. Such list must indicate the department's determination whether or not the claimant has applied for a single qualified residence or whether the department is unable to determine whether the claimant has applied for a single qualified residence. County assessors have the sole authority to approve or deny claims for the antidisplacement property tax exemption.

(b) The claimant or the claimant's designated agent or legal guardian must sign the application declaring that the property for which the antidisplacement property tax exemption is sought is the claimant's principal qualified residence within the meaning of subsection (5)(a) and (b) of this section. If the claimant resides in a cooperative housing association, corporation, or partnership, the application must also be signed by the authorized agent of such cooperative. If the claimant holds a life estate in the qualified residence for which the antidisplacement property tax exemption is claimed and the claimant is not shown on the tax rolls as the taxpayer for that qualified residence, the remainderman or other person shown on the tax rolls as the taxpayer must also sign the application. All signatures on an application must be made under penalty of perjury as provided in RCW 9A.72.085.

(c) Notice of the antidisplacement property tax exemption and where to obtain further information about the exemption must be included on or with property tax statements and revaluation notices for residential property. The department and each county assessor are required to publicize the qualifications and manner of making claims for the antidisplacement property tax exemption, including such paid advertisements or notices as deemed appropriate in the sole discretion of the department and county assessors. The department and county assessors must make the antidisplacement property tax exemption information available in all languages required for voter ballot outreach at the state level.

(5) The following conditions apply to the antidisplacement property tax exemption:

(a) The qualified residence must be occupied by the claimant as the claimant's principal place of residence as of the date of the signed application under subsection (4) of this section. A claimant who sells, transfers, or is displaced from the claimant's qualified residence may transfer the claimant's exemption status to a replacement qualified residence, but no claimant may receive the antidisplacement property tax exemption on more than one qualified residence in any calendar year. However, the confinement of the claimant to a hospital, nursing home, assisted living facility, or adult family home will not disqualify the claim of exemption if:

(i) The qualified residence is temporarily unoccupied;

(ii) The qualified residence is occupied by either a spouse, state registered domestic partner, or a person financially dependent on the claimant for support, or both; or

(iii) The qualified residence is rented for the purpose of paying the claimant's costs of a nursing home, hospital, assisted living facility, or adult family home.

(b) At the time of signing the application:

(i) The claimant must have owned, in fee or by contract purchase, or have held a life estate in, the qualified residence for which the antidisplacement property tax exemption is claimed; or

(ii) If the claimant resides in a cooperative housing association, corporation, or partnership, including a mobile home park cooperative or manufactured housing cooperative, the claimant must own a share in the cooperative representing the unit or dwelling in which the claimant resides or the lot on which the claimant's manufactured/mobile home or park model is situated.

(c) For purposes of this section, a qualified residence owned by a marital community, state registered domestic partners, or cotenants is deemed to be owned by each spouse, domestic partner, or cotenant, and any lease for life or 99 years of a single-family dwelling unit or the land upon which it stands is deemed a life estate in the qualified residence.

(d)(i) The assessed value of a dwelling owned by a cooperative housing association, corporation, or partnership must be reduced, for purposes of state property taxes levied on the dwelling, by the amount of the antidisplacement property tax exemption to which a claimant residing in that dwelling is entitled. The cooperative must pass the full amount of its property tax savings under this section to its members in proportion to each member's antidisplacement property tax exemption. The cooperative may meet its obligation under this subsection (5)(d)(i) by reducing the amount owed by the members to the cooperative or, if no amount be owed, by making payment to the members.

(ii) A mobile home park cooperative or manufactured housing cooperative is entitled to any unused portion of the antidisplacement property tax exemption of its members. A mobile home park cooperative or manufactured housing cooperative receiving the unused portion of the antidisplacement property tax exemption of its members must pass the full amount of its property tax savings to its members in proportion to each member's unused antidisplacement property tax exemption. The cooperative may meet its obligation under this subsection (5)(d)(ii) by reducing the amount owed by the members to the cooperative or, if no amount be owed, by making payment to the members. For purposes of this subsection (5)(d)(ii), "unused portion of the antidisplacement property tax exemption" means the amount by which the maximum allowable primary residence exemption exceeds the assessed value of the manufactured/mobile home or park model owned by a member of the mobile home park cooperative or manufactured housing cooperative.

(e) A claimant granted an antidisplacement property tax exemption must immediately inform the county assessor, on forms created or approved by the department, of any change in status affecting the claimant's entitlement to an antidisplacement property tax exemption.

(f)(i) Where a claimant has a life estate in the single-family dwelling unit, the land upon which it sits, or both, which comprise the claimant's qualified residence, and a remainderman or other person would have otherwise paid the state property tax exempted on the qualified residence, or portion of the qualified residence, as a result of the claimant's antidisplacement property tax exemption, such remainderman or other person must reduce the amount owed by the claimant to the remainderman or other person by the amount of the tax savings from the claimant's antidisplacement property tax exemption. If no amount is owed by the claimant to the remainderman or other person, the remainderman or other person must make payment to the claimant in the full amount of the tax savings from the claimant's antidisplacement property tax exemption.

(ii) Where a claimant has a life estate in a cooperative ownership or a community land trust, which comprise the claimant's qualified residence, and a remainderman or other person would have otherwise paid the state property tax exempted on the qualified residence, or portion of the residence, as a result of the claimant's antidisplacement property tax exemption, such remainderman or other person must reduce the amount owed by the claimant to the remainderman or other person by the amount of the tax savings from the claimant's antidisplacement property tax exemption. If no amount is owed by the claimant to the remainderman or other person, the remainderman or other person must make payment to the claimant in the full amount of the tax savings from the claimant's the antidisplacement property tax exemption.

(6)(a)(i) If the assessor finds that the claimant's residence does not meet the qualifications for the antidisplacement property tax exemption, the assessor must deny or cancel the antidisplacement property tax exemption.

(ii) If the assessor is unable to determine whether an application for the antidisplacement property tax exemption should be approved, the assessor must deny the antidisplacement property tax exemption.

(iii) If an application for the antidisplacement property tax exemption is received by the department after the deadline in subsection (4) of this section, the assessor must deny the antidisplacement property tax exemption unless the assessor determines that the claimant qualifies for the antidisplacement property tax exemption and that good cause exists to excuse the late filing. A claimant whose antidisplacement property tax exemption was denied because the application was filed after the deadline in subsection (4) of this section may seek a refund of state property taxes paid as a result of the denial as provided in RCW 84.69.020. For purposes of this subsection (6)(a)(iii), good cause may be shown by one or more of the following circumstances:

(A) Death or serious illness of the claimant or a member of the claimant's immediate family, as defined in RCW 42.17A.005, within two weeks of the due date of the application;

(B) The claimant received incorrect, ambiguous, or misleading written advice regarding the qualifications or filing requirements for the antidisplacement property tax exemption from the department or the county assessor's staff;

(C) Natural disaster, such as flood or earthquake, occurring within two weeks of the due date of the application; or

(D) Other circumstances as the department may provide by rule.

(b) A denial under (a) of this subsection (6) is subject to appeal under the provisions of RCW 84.48.010 and in accordance with the provisions of RCW 84.40.038.

(c) If the assessor determines that the claimant had received the antidisplacement property tax exemption in error in prior years, the county treasurer must collect all state property taxes that would have been paid on the claimant's residence for the prior years had the antidisplacement property tax exemption not been claimed, not to exceed six years. Interest, but not penalties, applies to such taxes and is computed at the same rates and in the same way as interest is computed on delinquent taxes. Taxes and interest imposed under this subsection (6)(c): (i) Must be extended on the tax roll; (ii) are due within 30 days after the date of the treasurer's billing for such taxes and interest; and (iii) constitute a lien on the real property to which the tax and interest applies as provided in chapter 84.60 RCW.

(7) The department may conduct audits of the administration of this section by the county assessors and applications filed for the antidisplacement property tax exemption as the department considers necessary. The powers of the department under chapter 84.08 RCW apply to these audits.

(8) The department may adopt such rules in accordance with chapter 34.05 RCW, and prescribe such forms, as the department deems necessary and appropriate to implement and administer this section.

(9) For the purposes of this section:

(a) "Antidisplacement property tax exemption" means a tax exemption from the state property tax levy for a primary residence that meets the requirements of this act.

(b) "Claimant" means an individual who has applied for or is receiving an antidisplacement property tax exemption.

(c) "Community land trust" means a private, nonprofit organization created to acquire and hold land for the benefit of a community and provide secure affordable access to land and housing for community residents.

(d) "Cooperative ownership" means a type of residential housing where the corporation owns the housing units and each resident is a shareholder in the corporation based in part on the relative size of the unit in which they reside.

(e) "Manufactured/mobile home," "manufactured housing cooperative," "mobile home park cooperative," and "park model" have the same meaning as in RCW 59.20.030.

(f) "Qualified residence" means a residence with an assessed value for the current tax year of less than $2,500,000. Beginning January 1, 2027, and every fourth year thereafter:

(i) The department must adjust the assessed value limit in this subsection (9)(f) to reflect the lesser of the growth of the consumer price index for shelter or five percent. If the growth is equal to or less than zero percent, the current maximum assessed value of a qualified residence continues to apply.

(ii) The department must publish the updated maximum assessed value of a qualified residence under this subsection (9)(f) by March 1, 2027, and March 1st of every fourth year thereafter. The updated maximum assessed value of a qualified residence will apply to claims for the antidisplacement property tax exemption for taxes due in the immediately following calendar year. The department may round the dollar amount of the maximum assessed value for a qualified residence under this subsection (9)(f) to the nearest $1,000.

(iii) The most recent maximum assessed value for a qualified residence becomes the base for subsequent adjustments.

(g) "Residence" means a single-family dwelling unit whether such unit is separate or part of a multiunit dwelling, including the land on which such dwelling stands, regardless of whether ownership of the single-family dwelling unit and the land on which the dwelling unit stands is vested in the same person. "Residence" includes:

(i) A single-family dwelling unit situated upon lands the fee of which is vested in or held in trust by the United States or any of its instrumentalities, a federally recognized Indian tribe, the state of Washington or any of its political subdivisions, or a municipal corporation;

(ii) A single-family dwelling unit consisting of a manufactured/mobile home or park model that has substantially lost its identity as a mobile unit by virtue of its being fixed in location and placed on a foundation with fixed pipe connections with sewer, water, or other utilities; and

(iii) A single-family dwelling unit consisting of a floating home as defined in RCW 82.45.032.

(h) "State levy" means property taxes levied by the state under RCW 84.52.065.

NEW SECTION. **Sec.**  A new section is added to chapter 84.36 RCW to read as follows:

(1) By August 1, 2023, and each subsequent August 1st, the state treasurer must notify the department of the amount of revenue in the Washington tax justice and equity fund created in section 4 of this act available to fund the antidisplacement property tax exemption established in section 2 of this act for the upcoming calendar year.

(2)(a) By October 1, 2023, and each subsequent October 1st, the department must estimate the amount needed to fund the full amount of the antidisplacement property tax exemption established in section 2 of this act for the upcoming calendar year.

(b) By December 31st of each year, the department must determine if the full antidisplacement property tax exemption can be funded. If the department determines that there is not sufficient funds available in the Washington tax justice and equity fund to provide the full amount of the antidisplacement property tax exemption established in section 2 of this act for the upcoming calendar year, it must calculate a new exemption amount for that upcoming year based on the funds available.

(c) The department's estimations and calculations under this subsection (2) may not be overturned by a court except upon a showing of willful misconduct by clear, cogent, and convincing evidence.

(3) By August 1, 2023, each county assessor must submit to the department any necessary data from the 2022 assessment year in order to complete the estimate under subsection (2) of this section for the first year of the exemption. The data required by this subsection (3) must be provided in a form and manner prescribed by the department.

(4) By March 1, 2024, and each subsequent March 1st, each county assessor must submit to the department the amount of tax exempted as a result of the antidisplacement property tax exemption established in section 2 of this act for the current calendar year, and such other information maintained by the county assessor as may be requested by the department for the purposes of completing the estimate under subsection (2) of this section. The data required by this subsection (4) must be provided in a form and manner prescribed by the department.

NEW SECTION. **Sec.**  A new section is added to chapter 84.36 RCW to read as follows:

The Washington tax justice and equity fund is created in the state treasury. Moneys in the fund may only be used as specified in this section.

(1) First, moneys in the Washington tax justice and equity fund must be used to offset reductions in revenue and administrative costs resulting from the antidisplacement property tax exemption program created in this act. This use is the highest priority of moneys in the fund.

(2) After the requirements of subsection (1) of this section are satisfied, expenditures from the Washington tax justice and equity fund may be used for offsetting reductions in revenue due to implementation of other policies such as the working families' tax exemption, a replacement to the business and occupation tax, and other tax fairness policies such as those that may be suggested by the tax structure work group.

NEW SECTION. **Sec.**  A new section is added to chapter 84.36 RCW to read as follows:

(1) The antidisplacement property tax exemption administration account is created in the state treasury. All receipts from direct appropriations from the legislature, moneys directed to the account as provided in this title, Title 82 RCW, or Title 84A RCW (the new title created in chapter . . . (H-1416/21), Laws of 2021), and moneys directed to the account from any other source must be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for the purposes provided in this section.

(2)(a) Funds deposited into the antidisplacement property tax exemption administration account must be distributed to each county to assist with the costs incurred by the counties in administering the antidisplacement property tax exemption in section 2 of this act.

(b)(i) Except as provided in (b)(ii) of this subsection, each county is entitled annually to an amount equal to five dollars multiplied by the number of applications for the antidisplacement property tax exemption that the county processed in the most recent calendar year.

(ii) For the distribution for calendar year 2023, the distribution amount is equal to five dollars multiplied by the estimated number of applications for the antidisplacement property tax exemption that the county will process in that calendar year. The department, with the assistance of the county assessors, must estimate the number of antidisplacement property tax exemption applications that the county will process in calendar year 2023.

(iii) If funds in the antidisplacement property tax exemption administration account are insufficient to make the full distributions under this subsection, the distributions to all counties must be ratably reduced.

(3)(a) Distributions under subsection (2) of this section must be made by the state treasurer annually by August 1st, beginning August 1, 2023. By July 25th, the department must certify to the state treasurer the amounts to be distributed under this section. Once finalized, no changes may be made to the certification for any reason.

(b) By July 1st of each year, the county assessors must provide the department with the number of applications for the antidisplacement property tax exemption that the county assessor processed during the immediately preceding calendar year. This information must be provided to the department in a form and manner required by the department. If a county assessor fails to provide the information required under this subsection (3)(b) timely, the department may estimate the number of applications for the antidisplacement property tax exemption that the county assessor processed in the immediately preceding year.

(4) The department's estimates and certifications required under this section may not be overturned by a court except upon a showing of willful misconduct by clear, cogent, and convincing evidence.

(5) All distributions to counties from the antidisplacement property tax exemption administration account constitute increases in state distributions of revenue to political subdivisions for purposes of state reimbursement for the costs of new programs and increases in service levels under RCW 43.135.060.

NEW SECTION. **Sec.**  A new section is added to chapter 84.52 RCW to read as follows:

(1) Pursuant to the provisions of Article VII, section . . . (House Joint Resolution No. 4204), the state levy must be reduced as necessary to prevent the value exempted under the antidisplacement property tax exemption in section 2 of this act from resulting in a higher tax rate than would have occurred in the absence of the antidisplacement property tax exemption. The reduction required under this subsection (1) for a tax year may be administered by each county assessor by applying the antidisplacement property tax exemption under section 2 of this act, after receiving the state levy amount for their county for that tax year, to all properties approved for the antidisplacement property tax exemption for that tax year.

(2)(a) Transfers from the Washington tax justice and equity fund must be made to ensure that any deficit to the general fund resulting from the application of subsection (1) of this section will be eliminated.

(b) The department must provide such assistance to the appropriations committee of the house of representatives, or its successor, the ways and means committee of the senate, or its successor, the office of financial management, and the state treasurer as may be required to comply with the transfers required by this subsection.

**Sec.**  RCW 84.48.010 and 2017 c 155 s 1 are each amended to read as follows:

(1) Prior to July 15th, the county legislative authority must form a board for the equalization of the assessment of the property of the county. The members of the board must receive a per diem amount as set by the county legislative authority for each day of actual attendance of the meeting of the board of equalization to be paid out of the current expense fund of the county. However, when the county legislative authority constitutes the board they may only receive their compensation as members of the county legislative authority. The board of equalization must meet in open session for this purpose annually on the 15th day of July or within fourteen days of certification of the county assessment rolls, whichever is later, and, having each taken an oath fairly and impartially to perform their duties as members of such board, they must examine and compare the returns of the assessment of the property of the county and proceed to equalize the same, so that each tract or lot of real property and each article or class of personal property must be entered on the assessment list at its true and fair value, according to the measure of value used by the county assessor in such assessment year, which is presumed to be correct under RCW 84.40.0301, and subject to the following rules:

(a) They must raise the valuation of each tract or lot or item of real property which is returned below its true and fair value to such price or sum as to be the true and fair value thereof, after at least five days' notice must have been given in writing to the owner or agent.

(b) They must reduce the valuation of each tract or lot or item which is returned above its true and fair value to such price or sum as to be the true and fair value thereof.

(c) They must raise the valuation of each class of personal property which is returned below its true and fair value to such price or sum as to be the true and fair value thereof, and they must raise the aggregate value of the personal property of each individual whenever the aggregate value is less than the true valuation of the taxable personal property possessed by such individual, to such sum or amount as to be the true value thereof, after at least five days' notice must have been given in writing to the owner or agent thereof.

(d) They must reduce the valuation of each class of personal property enumerated on the detail and assessment list of the current year, which is returned above its true and fair value, to such price or sum as to be the true and fair value thereof; and they must reduce the aggregate valuation of the personal property of such individual who has been assessed at too large a sum to such sum or amount as was the true and fair value of the personal property.

(e) The board may review all claims for either real or personal property tax exemption, including the antidisplacement property tax exemption under section 2 of this act, as determined by the county assessor, and must consider any taxpayer appeals from the decision of the assessor thereon to determine (i) if the taxpayer is entitled to an exemption, and (ii) if so, the amount thereof.

(2) The board must notify the taxpayer and assessor of the board's decision within forty-five days of any hearing on the taxpayer's appeal of the assessor's valuation of real or personal property.

(3) The clerk of the board must keep an accurate journal or record of the proceedings and orders of the board showing the facts and evidence upon which their action is based, and the record must be published the same as other proceedings of county legislative authority, and must make a true record of the changes of the descriptions and assessed values ordered by the county board of equalization. The assessor must correct the real and personal assessment rolls in accordance with the changes made by the county board of equalization.

(4) The county board of equalization must meet on the 15th day of July or within fourteen days of certification of the county assessment rolls, whichever is later, and may continue in session and adjourn from time to time during a period not to exceed four weeks, but must remain in session not less than three days. However, the county board of equalization with the approval of the county legislative authority may convene at any time when petitions filed exceed twenty-five, or ten percent of the number of appeals filed in the preceding year, whichever is greater.

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

(6) County legislative authorities as such have at no time any authority to change the valuation of the property of any person or to release or commute in whole or in part the taxes due on the property of any person.

**Sec.**  RCW 84.48.110 and 2017 3rd sp.s. c 13 s 306 are each amended to read as follows:

After certifying the record of the proceedings of the department in accordance with RCW 84.48.080, the department shall transmit to each county assessor a copy of the record of the proceedings of the department, specifying the amount to be levied and collected for state purposes for such year, and in addition thereto it shall certify to each county assessor the amount due to each state fund and unpaid from such county for the fifth preceding year, not including amounts exempted under section 2 of this act, and such delinquent state taxes shall be added to the amount levied for the current year. The department shall close the account of each county for the fifth preceding year and charge the amount of such delinquency to the tax levies of the current year. These delinquent taxes are not subject to chapter 84.55 RCW. All taxes collected on and after the first day of July last preceding such certificate, on account of delinquent state taxes for the fifth preceding year shall belong to the county and by the county treasurer be credited to the current expense fund of the county in which collected.

**Sec.**  RCW 84.69.020 and 2017 3rd sp.s. c 13 s 310 are each amended to read as follows:

On the order of the county treasurer, ad valorem taxes paid before or after delinquency must be refunded if they were:

(1) Paid more than once;

(2) Paid as a result of manifest error in description;

(3) Paid as a result of a clerical error in extending the tax rolls;

(4) Paid as a result of other clerical errors in listing property;

(5) Paid with respect to improvements which did not exist on assessment date;

(6) Paid under levies or statutes adjudicated to be illegal or unconstitutional;

(7) Paid as a result of mistake, inadvertence, or lack of knowledge by any person exempted from paying real property taxes or a portion thereof pursuant to section 2 of this act or RCW 84.36.381 through 84.36.389, as now or hereafter amended;

(8) Paid as a result of mistake, inadvertence, or lack of knowledge by either a public official or employee or by any person with respect to real property in which the person paying the same has no legal interest;

(9) Paid on the basis of an assessed valuation which was appealed to the county board of equalization and ordered reduced by the board;

(10) Paid on the basis of an assessed valuation which was appealed to the state board of tax appeals and ordered reduced by the board: PROVIDED, That the amount refunded under subsections (9) and (10) of this section shall only be for the difference between the tax paid on the basis of the appealed valuation and the tax payable on the valuation adjusted in accordance with the board's order;

(11) Paid as a state property tax levied upon property, the assessed value of which has been established by the state board of tax appeals for the year of such levy: PROVIDED, HOWEVER, That the amount refunded shall only be for the difference between the state property tax paid and the amount of state property tax which would, when added to all other property taxes within the one percent limitation of Article VII, section 2 of the state Constitution equal one percent of the assessed value established by the board;

(12) Paid on the basis of an assessed valuation which was adjudicated to be unlawful or excessive: PROVIDED, That the amount refunded shall be for the difference between the amount of tax which was paid on the basis of the valuation adjudged unlawful or excessive and the amount of tax payable on the basis of the assessed valuation determined as a result of the proceeding;

(13) Paid on property acquired under RCW 84.60.050, and canceled under RCW 84.60.050(2);

(14) Paid on the basis of an assessed valuation that was reduced under RCW 84.48.065;

(15) Paid on the basis of an assessed valuation that was reduced under RCW 84.40.039; or

(16) Abated under RCW 84.70.010.

No refunds under the provisions of this section shall be made because of any error in determining the valuation of property, except as authorized in subsections (9), (10), (11), and (12) of this section nor may any refunds be made if a bona fide purchaser has acquired rights that would preclude the assessment and collection of the refunded tax from the property that should properly have been charged with the tax. Any refunds made on delinquent taxes must include the proportionate amount of interest and penalties paid. However, no refunds as a result of an incorrect payment authorized under subsection (8) of this section made by a third party payee shall be granted. The county treasurer may deduct from moneys collected for the benefit of the state's levies, refunds of the state's levies including interest on the levies as provided by this section and chapter 84.68 RCW.

The county treasurer of each county must make all refunds determined to be authorized by this section, and by the first Monday in February of each year, report to the county legislative authority a list of all refunds made under this section during the previous year. The list is to include the name of the person receiving the refund, the amount of the refund, and the reason for the refund.

NEW SECTION. **Sec.**  Sections 1 through 9 of this act take effect August 1, 2022, if the proposed amendment to Article VII of the state Constitution (House Joint Resolution No. . . . . (H-0756/21)), providing for the residential real property tax exemption, is validly submitted to and is approved and ratified by the voters at the next general election. If the proposed amendment is not approved and ratified, sections 1 through 9 of this act are void in their entirety.

NEW SECTION. **Sec.**  This act does not affect any existing right acquired or liability or obligation incurred under the sections amended or repealed or under any rule or order adopted under those sections, nor does it affect any proceeding instituted under those sections.

NEW SECTION. **Sec.**  This act applies to taxes levied for collection in 2024 and thereafter.

**--- END ---**