
SUBSTITUTE HOUSE BILL 1494

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)

READ FIRST TIME 04/01/21.

1 AN ACT Relating to providing housing safety, security, and
2 protection for Washington families by creating the antidisplacement
3 property tax exemption; amending RCW 84.48.010, 84.48.110, and
4 84.69.020; adding new sections to chapter 84.36 RCW; adding a new
5 section to chapter 84.52 RCW; creating new sections; and providing a
6 contingent effective date.

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

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

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

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

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

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

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

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

37 (8) The legislature further finds that working families, black,
38 indigenous, and people of color families, and elders experience more
39 home foreclosure and forfeiture than other homeowners in Washington

1 state, and that many home foreclosures are due to owing back property
2 taxes.

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

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

20 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.36
21 RCW to read as follows:

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

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

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

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

1 (ii) For taxes levied for collection in 2026 and each subsequent
2 year, the maximum amount of antidisplacement property tax exemption
3 may be increased from the prior year's maximum exemption amount. The
4 amount of such increase for a year is equal to the percentage growth
5 in the state levy between the state levy for collection in the
6 preceding year as compared to the state levy for collection two years
7 ago. The department is responsible for making a determination of any
8 increase in the amount of the antidisplacement property tax exemption
9 and may round the dollar amount of the exemption to the nearest
10 \$1,000.

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

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

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

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

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

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

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

36 (ii) The department shall provide the means for claimants to
37 annually claim the antidisplacement property tax exemption for their
38 primary qualified residence online. The department must also make
39 paper applications available to claimants upon request. Each county
40 assessor must also make applications available at the assessor's

1 office, on the assessor's official website, and by mail or email upon
2 request.

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

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

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

36 (c) Notice of the antidisplacement property tax exemption and
37 where to obtain further information about the exemption must be
38 included on or with property tax statements and revaluation notices
39 for residential property. The department and each county assessor are
40 required to publicize the qualifications and manner of making claims

1 for the antidisplacement property tax exemption, including such paid
2 advertisements or notices as deemed appropriate in the sole
3 discretion of the department and county assessors. The department and
4 county assessors must make the antidisplacement property tax
5 exemption information available in all languages required for voter
6 ballot outreach at the state level.

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

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

19 (i) The qualified residence is temporarily unoccupied;

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

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

26 (b) At the time of signing the application:

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

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

36 (c) For purposes of this section, a qualified residence owned by
37 a marital community, state registered domestic partners, or cotenants
38 is deemed to be owned by each spouse, domestic partner, or cotenant,
39 and any lease for life or 99 years of a single-family dwelling unit

1 or the land upon which it stands is deemed a life estate in the
2 qualified residence.

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

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

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

34 (f) (i) Where a claimant has a life estate in the single-family
35 dwelling unit, the land upon which it sits, or both, which comprise
36 the claimant's qualified residence, and a remainderman or other
37 person would have otherwise paid the state property tax exempted on
38 the qualified residence, or portion of the qualified residence, as a
39 result of the claimant's antidisplacement property tax exemption,
40 such remainderman or other person must reduce the amount owed by the

1 claimant to the remainderman or other person by the amount of the tax
2 savings from the claimant's antidisplacement property tax exemption.
3 If no amount is owed by the claimant to the remainderman or other
4 person, the remainderman or other person must make payment to the
5 claimant in the full amount of the tax savings from the claimant's
6 antidisplacement property tax exemption.

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

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

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

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

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

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

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

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

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

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

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

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

35 (9) For the purposes of this section:

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

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

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

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

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

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

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

20 (ii) The department must publish the updated maximum assessed
21 value of a qualified residence under this subsection (9)(f) by March
22 1, 2027, and March 1st of every fourth year thereafter. The updated
23 maximum assessed value of a qualified residence will apply to claims
24 for the antidisplacement property tax exemption for taxes due in the
25 immediately following calendar year. The department may round the
26 dollar amount of the maximum assessed value for a qualified residence
27 under this subsection (9)(f) to the nearest \$1,000.

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

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

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

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

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

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

10 NEW SECTION. **Sec. 3.** A new section is added to chapter 84.36
11 RCW to read as follows:

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

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

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

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

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

37 (4) By March 1, 2024, and each subsequent March 1st, each county
38 assessor must submit to the department the amount of tax exempted as
39 a result of the antidisplacement property tax exemption established

1 in section 2 of this act for the current calendar year, and such
2 other information maintained by the county assessor as may be
3 requested by the department for the purposes of completing the
4 estimate under subsection (2) of this section. The data required by
5 this subsection (4) must be provided in a form and manner prescribed
6 by the department.

7 NEW SECTION. **Sec. 4.** A new section is added to chapter 84.36
8 RCW to read as follows:

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

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

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

24 NEW SECTION. **Sec. 5.** A new section is added to chapter 84.36
25 RCW to read as follows:

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

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

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

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

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

17 (3) (a) Distributions under subsection (2) of this section must be
18 made by the state treasurer annually by August 1st, beginning August
19 1, 2023. By July 25th, the department must certify to the state
20 treasurer the amounts to be distributed under this section. Once
21 finalized, no changes may be made to the certification for any
22 reason.

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

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

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

1 NEW SECTION. **Sec. 6.** A new section is added to chapter 84.52
2 RCW to read as follows:

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

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

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

24 **Sec. 7.** RCW 84.48.010 and 2017 c 155 s 1 are each amended to
25 read as follows:

26 (1) Prior to July 15th, the county legislative authority must
27 form a board for the equalization of the assessment of the property
28 of the county. The members of the board must receive a per diem
29 amount as set by the county legislative authority for each day of
30 actual attendance of the meeting of the board of equalization to be
31 paid out of the current expense fund of the county. However, when the
32 county legislative authority constitutes the board they may only
33 receive their compensation as members of the county legislative
34 authority. The board of equalization must meet in open session for
35 this purpose annually on the 15th day of July or within fourteen days
36 of certification of the county assessment rolls, whichever is later,
37 and, having each taken an oath fairly and impartially to perform
38 their duties as members of such board, they must examine and compare
39 the returns of the assessment of the property of the county and

1 proceed to equalize the same, so that each tract or lot of real
2 property and each article or class of personal property must be
3 entered on the assessment list at its true and fair value, according
4 to the measure of value used by the county assessor in such
5 assessment year, which is presumed to be correct under RCW
6 84.40.0301, and subject to the following rules:

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

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

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

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

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

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

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

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

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

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

26 **Sec. 8.** RCW 84.48.110 and 2017 3rd sp.s. c 13 s 306 are each
27 amended to read as follows:

28 After certifying the record of the proceedings of the department
29 in accordance with RCW 84.48.080, the department shall transmit to
30 each county assessor a copy of the record of the proceedings of the
31 department, specifying the amount to be levied and collected for
32 state purposes for such year, and in addition thereto it shall
33 certify to each county assessor the amount due to each state fund and
34 unpaid from such county for the fifth preceding year, not including
35 amounts exempted under section 2 of this act, and such delinquent
36 state taxes shall be added to the amount levied for the current year.
37 The department shall close the account of each county for the fifth
38 preceding year and charge the amount of such delinquency to the tax
39 levies of the current year. These delinquent taxes are not subject to

1 chapter 84.55 RCW. All taxes collected on and after the first day of
2 July last preceding such certificate, on account of delinquent state
3 taxes for the fifth preceding year shall belong to the county and by
4 the county treasurer be credited to the current expense fund of the
5 county in which collected.

6 **Sec. 9.** RCW 84.69.020 and 2017 3rd sp.s. c 13 s 310 are each
7 amended to read as follows:

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

- 10 (1) Paid more than once;
- 11 (2) Paid as a result of manifest error in description;
- 12 (3) Paid as a result of a clerical error in extending the tax
13 rolls;
- 14 (4) Paid as a result of other clerical errors in listing
15 property;
- 16 (5) Paid with respect to improvements which did not exist on
17 assessment date;
- 18 (6) Paid under levies or statutes adjudicated to be illegal or
19 unconstitutional;
- 20 (7) Paid as a result of mistake, inadvertence, or lack of
21 knowledge by any person exempted from paying real property taxes or a
22 portion thereof pursuant to section 2 of this act or RCW 84.36.381
23 through 84.36.389, as now or hereafter amended;
- 24 (8) Paid as a result of mistake, inadvertence, or lack of
25 knowledge by either a public official or employee or by any person
26 with respect to real property in which the person paying the same has
27 no legal interest;
- 28 (9) Paid on the basis of an assessed valuation which was appealed
29 to the county board of equalization and ordered reduced by the board;
- 30 (10) Paid on the basis of an assessed valuation which was
31 appealed to the state board of tax appeals and ordered reduced by the
32 board: PROVIDED, That the amount refunded under subsections (9) and
33 (10) of this section shall only be for the difference between the tax
34 paid on the basis of the appealed valuation and the tax payable on
35 the valuation adjusted in accordance with the board's order;
- 36 (11) Paid as a state property tax levied upon property, the
37 assessed value of which has been established by the state board of
38 tax appeals for the year of such levy: PROVIDED, HOWEVER, That the
39 amount refunded shall only be for the difference between the state

1 property tax paid and the amount of state property tax which would,
2 when added to all other property taxes within the one percent
3 limitation of Article VII, section 2 of the state Constitution equal
4 one percent of the assessed value established by the board;

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

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

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

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

17 (16) Abated under RCW 84.70.010.

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

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

38 NEW SECTION. **Sec. 10.** Sections 1 through 9 of this act take
39 effect August 1, 2022, if the proposed amendment to Article VII of

1 the state Constitution (House Joint Resolution No.
2 (H-0756/21)), providing for the residential real property tax
3 exemption, is validly submitted to and is approved and ratified by
4 the voters at the next general election. If the proposed amendment is
5 not approved and ratified, sections 1 through 9 of this act are void
6 in their entirety.

7 NEW SECTION. **Sec. 11.** This act does not affect any existing
8 right acquired or liability or obligation incurred under the sections
9 amended or repealed or under any rule or order adopted under those
10 sections, nor does it affect any proceeding instituted under those
11 sections.

12 NEW SECTION. **Sec. 12.** This act applies to taxes levied for
13 collection in 2024 and thereafter.

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