
HOUSE BILL 2687

State of Washington

52nd Legislature

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By Representatives Fraser, Jacobsen, Fuhrman, R. Fisher, Zellinsky and
Carlson

Read first time 01/23/92. Referred to Committee on Revenue.

1 AN ACT Relating to valuation of real property for taxation
2 purposes; and amending RCW 84.40.030.

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

4 **Sec. 1.** RCW 84.40.030 and 1988 c 222 s 14 are each amended to read
5 as follows:

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

9 Taxable leasehold estates shall be valued at such price as they
10 would bring at a fair, voluntary sale for cash without any deductions
11 for any indebtedness owed including rentals to be paid.
12 Notwithstanding any other provisions of this section or of any other
13 statute, when the value of any taxable leasehold estate created prior
14 to January 1, 1971 is being determined for assessment years prior to

1 the assessment year 1973, there shall be deducted from what would
2 otherwise be the value thereof the present worth of the rentals and
3 other consideration which may be required of the lessee by the lessor
4 for the unexpired term thereof: PROVIDED, That the foregoing
5 provisions of this sentence shall not apply to any extension or
6 renewal, made after December 31, 1970 of the term of any such estate,
7 or to any such estate after the date, if any, provided for in the
8 agreement for rental renegotiation.

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

12 (1) Any sales of the property being appraised or similar properties
13 with respect to sales made within the past five years. The appraisal
14 shall take into consideration political restrictions such as zoning as
15 well as physical and environmental influences. The appraisal shall
16 also take into account, (a) in the use of sales by real estate contract
17 as similar sales, the extent, if any, to which the stated selling price
18 has been increased by reason of the down payment, interest rate, or
19 other financing terms; and (b) the extent to which the sale of a
20 similar property actually represents the general effective market
21 demand for property of such type, in the geographical area in which
22 such property is located.

23 Sales under bankruptcy, sheriff's sales, tax sales, and forced
24 sales in lieu of imminent foreclosure, condemnation, or liquidation may
25 be used as sales of similar property if the sale took place at a public
26 auction and if notice of the sale and auction was published in a
27 newspaper of general circulation in the county in which the real
28 property to be sold is situated. The department of revenue may not by
29 rule or other means exclude these types of sales from sales acceptable
30 for use in sales studies. Sales involving deed releases or similar

1 seller-developer financing arrangements shall not be used as sales of
2 similar property.

3 (2) In addition to sales as defined in subsection (1),
4 consideration may be given to cost, cost less depreciation,
5 reconstruction cost less depreciation, or capitalization of income that
6 would be derived from prudent use of the property. In the case of
7 property of a complex nature, or being used under terms of a franchise
8 from a public agency, or operating as a public utility, or property not
9 having a record of sale within five years and not having a significant
10 number of sales of similar property in the general area, the provisions
11 of this subsection (2) shall be the dominant factors in valuation.
12 When provisions of this subsection (2) are relied upon for establishing
13 values the property owner shall be advised upon request of the factors
14 used in arriving at such value.

15 (3) In valuing any tract or parcel of real property, the value of
16 the land, exclusive of structures thereon shall be determined; also the
17 value of structures thereon, but the valuation shall not exceed the
18 value of the total property as it exists. In valuing agricultural
19 land, growing crops shall be excluded.