
HOUSE BILL 2699

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By Representatives Wilson, Haugen, Bowman, R. Fisher, Zellinsky, Wood, Pruitt, Chandler, McLean, Kremen, Paris, Forner, May and Rasmussen

Read first time 01/24/92. Referred to Committee on Revenue.

1 AN ACT Relating to real property assessment; amending RCW
2 84.04.030, 84.40.030, 84.40.040, 84.40.045, and 84.41.041; adding a new
3 section to chapter 84.41 RCW; adding a new section to Title 84 RCW; and
4 providing a contingent effective date.

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

6 **Sec. 1.** RCW 84.04.030 and 1961 c 15 s 84.04.030 are each amended
7 to read as follows:

8 "Assessed value of property" shall be held and construed to mean
9 the aggregate valuation of the property subject to taxation by any
10 taxing district determined under section 6 of this act, reduced by the
11 value of any applicable exemptions of RCW 84.36.381 or other law, as
12 placed on the last completed and balanced tax rolls of the county
13 preceding the date of any tax levy.

1 **Sec. 2.** RCW 84.40.030 and 1988 c 222 s 14 are each amended to read
2 as follows:

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

6 All real property shall be assessed as provided in section 6 of
7 this act unless specifically provided otherwise by law.

8 Taxable leasehold estates shall be valued at such price as they
9 would bring at a fair, voluntary sale for cash without any deductions
10 for any indebtedness owed including rentals to be paid.
11 Notwithstanding any other provisions of this section or of any other
12 statute, when the value of any taxable leasehold estate created prior
13 to January 1, 1971 is being determined for assessment years prior to
14 the assessment year 1973, there shall be deducted from what would
15 otherwise be the value thereof the present worth of the rentals and
16 other consideration which may be required of the lessee by the lessor
17 for the unexpired term thereof: PROVIDED, That the foregoing
18 provisions of this sentence shall not apply to any extension or
19 renewal, made after December 31, 1970 of the term of any such estate,
20 or to any such estate after the date, if any, provided for in the
21 agreement for rental renegotiation.

22 The true and fair value of real property for taxation purposes
23 (including property upon which there is a coal or other mine, or stone
24 or other quarry) shall meet the requirements of section 6 of this act
25 and be based upon the following criteria:

26 (1) Any sales of the property being appraised or similar properties
27 with respect to sales made within the past five years. The appraisal
28 shall take into consideration political restrictions such as zoning as
29 well as physical and environmental influences. The appraisal shall
30 also take into account, (a) in the use of sales by real estate contract

1 as similar sales, the extent, if any, to which the stated selling price
2 has been increased by reason of the down payment, interest rate, or
3 other financing terms; and (b) the extent to which the sale of a
4 similar property actually represents the general effective market
5 demand for property of such type, in the geographical area in which
6 such property is located. Sales involving deed releases or similar
7 seller-developer financing arrangements shall not be used as sales of
8 similar property.

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

21 (3) In valuing any tract or parcel of real property, the value of
22 the land, exclusive of structures thereon shall be determined; also the
23 value of structures thereon, but the valuation shall not exceed the
24 value of the total property as it exists. In valuing agricultural
25 land, growing crops shall be excluded.

26 **Sec. 3.** RCW 84.40.040 and 1988 c 222 s 15 are each amended to read
27 as follows:

28 The assessor shall begin the preliminary work for each assessment
29 not later than the first day of December of each year in all counties

1 in the state. The assessor shall also complete the duties of listing
2 and placing valuations on all property by May 31st of each year, except
3 that the listing and valuation of construction under RCW 36.21.040
4 through 36.21.080 shall be completed by August 31st of each year, and
5 in the following manner, to wit:

6 The assessor shall ((actually)) determine as nearly as practicable
7 the true and fair value of each tract or lot of land listed for
8 taxation and of each improvement located thereon and shall enter one
9 hundred percent of ((the)) this assessed value of such land and of the
10 total value of such improvements, together with the total of such one
11 hundred percent valuations, opposite each description of property on
12 the assessment list and tax roll.

13 The assessor shall make an alphabetical list of the names of all
14 persons in the county liable to assessment of personal property, and
15 require each person to make a correct list and statement of such
16 property according to the standard form prescribed by the department of
17 revenue, which statement and list shall include, if required by the
18 form, the year of acquisition and total original cost of personal
19 property in each category of the prescribed form, and shall be signed
20 and verified under penalty of perjury by the person listing the
21 property: PROVIDED, That the assessor may list and value improvements
22 on publicly owned land in the same manner as real property is listed
23 and valued, including conformance with the revaluation program required
24 under chapter 84.41 RCW. Such list and statement shall be filed on or
25 before the last day of April. The assessor shall on or before the 1st
26 day of January of each year mail a notice to all such persons at their
27 last known address that such statement and list is required, such
28 notice to be accompanied by the form on which the statement or list is
29 to be made: PROVIDED, That the notice mailed by the assessor to each
30 taxpayer each year shall, if practicable, include the statement and

1 list of personal property of the taxpayer for the preceding year. Upon
2 receipt of such statement and list the assessor shall thereupon
3 determine the true and fair value of the property included in such
4 statement and enter one hundred percent of the same on the assessment
5 roll opposite the name of the party assessed; and in making such entry
6 in the assessment list, the assessor shall give the name and post
7 office address of the party listing the property, and if the party
8 resides in a city the assessor shall give the street and number or
9 other brief description of the party's residence or place of business.
10 The assessor may, after giving written notice of the action to the
11 person to be assessed, add to the assessment list any taxable property
12 which should be included in such list.

13 **Sec. 4.** RCW 84.40.045 and 1977 ex.s. c 181 s 1 are each amended to
14 read as follows:

15 The assessor shall give notice of any change in the true and fair
16 value of real property for the tract or lot of land and any
17 improvements thereon no later than thirty days after ~~((appraisal))~~
18 reevaluation: PROVIDED, That no such notice shall be mailed during the
19 period from January 15 to February 15 of each year: PROVIDED FURTHER,
20 That no notice need be sent with respect to changes in valuation of
21 forest land made pursuant to chapter 84.33 RCW.

22 The notice shall contain a statement of both the prior and the new
23 true and fair value and the ratio of the assessed value to the true and
24 fair value on which the assessment of the property is based, stating
25 separately land and improvement assessed values, and a brief statement
26 of the procedure for appeal to the board of equalization and the time,
27 date, and place of the meetings of the board.

28 The notice shall be mailed by the assessor to the taxpayer.

1 If any taxpayer, as shown by the tax rolls, holds solely a security
2 interest in the real property which is the subject of the notice,
3 pursuant to a mortgage, contract of sale, or deed of trust, such
4 taxpayer shall, upon written request of the assessor, supply, within
5 thirty days of receipt of such request, to the assessor the name and
6 address of the person making payments pursuant to the mortgage,
7 contract of sale, or deed of trust, and thereafter such person shall
8 also receive a copy of the notice provided for in this section. Wilful
9 failure to comply with such request within the time limitation provided
10 for herein shall make such taxpayer subject to a civil penalty of five
11 dollars for each parcel of real property within the scope of the
12 request in which it holds the security interest, the aggregate of such
13 penalties in any one year not to exceed five thousand dollars. The
14 penalties provided for herein shall be recoverable in an action by the
15 county prosecutor, and when recovered shall be deposited in the county
16 current expense fund. The assessor shall make the request provided for
17 by this section during the month of January.

18 **Sec. 5.** RCW 84.41.041 and 1987 c 319 s 4 are each amended to read
19 as follows:

20 Each county assessor shall cause taxable real property to be
21 physically inspected and valued at least once every six years in
22 accordance with RCW 84.41.030 and section 6 of this act, and in
23 accordance with a plan filed with and approved by the department of
24 revenue. Such revaluation plan shall provide that a reasonable portion
25 of all taxable real property within a county shall be revalued and
26 these newly-determined values placed on the assessment rolls each year.
27 The department may approve a plan that provides that all property in
28 the county be revalued, subject to the requirements of section 6 of
29 this act, every two years. If the revaluation plan provides for

1 physical inspection at least once each four years, during the intervals
2 between each physical inspection of real property, the valuation of
3 such property may be adjusted to its current true and fair value, such
4 adjustments to be based upon appropriate statistical data. If the
5 revaluation plan provides for physical inspection less frequently than
6 once each four years, during the intervals between each physical
7 inspection of real property, the valuation of such property shall be
8 adjusted to its current true and fair value, such adjustments to be
9 made once each year (~~and~~), to be based upon appropriate statistical
10 data, and must meet the provisions of section 6 of this act.

11 The assessor may require property owners to submit pertinent data
12 respecting taxable property in their control including data respecting
13 any sale or purchase of said property within the past five years, the
14 cost and characteristics of any improvement on the property and other
15 facts necessary for appraisal and assessment of the property.

16 NEW SECTION. **Sec. 6.** A new section is added to chapter 84.41 RCW
17 to read as follows:

18 Property valuation by the assessor under RCW 84.41.041 must meet
19 the following standards: When valuing any tract or parcel of real
20 property, exclusive of structures on the land, an average of lot sales
21 within the four-year revaluation cycle shall be used, with the highest
22 and lowest sales prices being discarded. When valuing the structures
23 on the real property, valuation shall be based on an average square
24 footage cost within the four-year revaluation cycle, with the highest
25 and lowest square footage cost figures being discarded.

26 NEW SECTION. **Sec. 7.** A new section is added to Title 84 RCW to
27 read as follows:

1 When used in this title, and when not in conflict with a more
2 specific or contrary meaning, "true and fair value" as it relates to
3 real property means the assessed value pursuant to section 6 of this
4 act.

5 NEW SECTION. **Sec. 8.** This act shall take effect if the
6 proposed amendment to Article VII, section 1 of the state Constitution
7 authorizing the averaging over a four-year period of property values is
8 validly submitted to and is approved and ratified by the voters at the
9 next general election. If the proposed amendment is not so approved
10 and ratified, this act is void in its entirety.