

# SENATE BILL REPORT

## SB 6094

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As Reported By Senate Committee On:  
Government Operations, January 23, 1996

**Title:** An act relating to property tax administration.

**Brief Description:** Changing property tax valuation, classification, listing, and rate calculation processes.

**Sponsors:** Senators Loveland, Haugen, Winsley and Heavey.

**Brief History:**

**Committee Activity:** Government Operations: 1/17/96, 1/23/96 [DP].

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS

**Majority Report:** Do pass.

Signed by Senators Haugen, Chair; Sheldon, Vice Chair; Goings, Hale, Heavey, McCaslin and Winsley.

**Staff:** Katie Healy (786-7403)

**Background:** The Constitution requires all taxes on real estate to be uniform within a taxing district. This requires all taxes imposed by any taxing district to be the same on property of the same market value. However, the Constitution authorizes agricultural, timber, and open space land to be valued on the basis of their current use rather than fair market value. Two programs currently implement this constitutional exception to fair market value: the "open space" program and the "forest land" program.

When property is removed from open space classification, back taxes plus interest must be paid. The back taxes represent the tax benefit received over the most recent seven years. In addition, a penalty equal to 20 percent of the back taxes is applied. The penalty may be avoided if the property remains in the program for at least 10 years and a two-year waiting period after notice of withdrawal is satisfied.

Upon removal from classification, forest land may be subject to a compensating tax. The tax is equal to the tax benefit in the most recent year multiplied by the number of years the land was classified or designated, not to exceed ten.

An assessor may enter on the assessment roll in any year any property omitted from the assessment roll of any preceding year at the value for the preceding year. If improvements have not been valued and assessed as a part of the real estate, they may be separately valued and assessed as omitted property. No assessment may be made if a bona fide purchaser, encumbrancer, or contract buyer has acquired any interest in the property prior to the time the improvements are assessed.

There is concern that some taxpayers are being treated unfairly.

**Summary of Bill:** The county legislative authority may establish a reasonable processing fee for an owner of land desiring that it be designated as forest land and valued at current use.

Reclassifying open space, farm and agricultural land, or timber land after an incorrect classification is not considered a withdrawal or removal and is not subject to additional tax. The assessor must notify the landowner of any correction of classification.

An assessment may be made for omitted property if a bona fide encumbrancer acquires any interest in the property prior to the time the improvements are assessed.

The county board of equalization is added to the bodies to which a taxpayer may appeal property values, claims for exemption, or cancellation of a property assessment.

**Appropriation:** None.

**Fiscal Note:** Requested on January 5, 1996

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Some current use programs impose a processing fee. Taxpayers will be treated fairly if this fee is made uniform. When an incorrect classification of land is made, the taxpayer is penalized. This bill will correct that. Boards of equalization need to be added, as this affects smaller counties.

**Testimony Against:** None.

**Testified:** Gail Rauch, Snohomish County Assessor (pro); Fred Saeger, Washington Association of County Officials (pro).