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HOUSE BILL 1134

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State of Washington

54th Legislature

1995 Regular Session

By Representatives Benton, Campbell, Chappell, Smith, Buck, Pelesky,  
Pennington and Boldt

Read first time 01/13/95. Referred to Committee on Finance.

1 AN ACT Relating to limiting increases in valuation for property tax  
2 purposes; amending RCW 84.40.040, and 84.70.010; adding a new section  
3 to chapter 84.40 RCW; and creating new sections.

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

5 NEW SECTION. **Sec. 1.** As used in section 2 of this act, "change of  
6 ownership" means a transfer of a present interest in real property,  
7 including a transfer of the beneficial use of real property.

8 (1) "Change of ownership" includes, except as provided in  
9 subsections (2) and (3) of this section, the following:

10 (a) Contracting to convey the title to or ownership of real  
11 property upon the fulfillment of one or more stated conditions where  
12 the right to possession of the property is transferred currently.

13 (b) The creation, transfer, or termination of a joint tenancy  
14 interest.

15 (c) The creation, transfer, or termination of a tenancy-in-common  
16 interest.

17 (d) The vesting of a right of possession or enjoyment of a  
18 remainder or reversionary interest that occurs upon the termination of  
19 a life estate or other similar precedent property interest.

1 (e) An interest that vests in persons other than the trustor where  
2 a revocable trust becomes irrevocable.

3 (f) The transfer of stock of a cooperative housing corporation,  
4 vested with legal title to real property, that conveys to the  
5 transferee the exclusive right to occupancy and possession of such  
6 property, or a portion of the property.

7 (2) "Change of ownership" does not include:

8 (a) A transfer between co-owners that results in a change in the  
9 method of holding title to the real property transferred without  
10 changing the proportional interests of the co-owners in the real  
11 property, such as a partition of a tenancy-in-common.

12 (b) A transfer for the purpose of merely perfecting title to the  
13 real property.

14 (c) The creation, assignment, termination, or reconveyance of a  
15 security interest in real property; or the substitution of a trustee  
16 under a security instrument.

17 (d) A transfer of real property by the trustor, or by the trustor's  
18 spouse, or by both, into a trust for so long as the transferor is the  
19 sole present beneficiary of the trust, or the trust is revocable; or  
20 any transfer of real property by a trustee of such trust back to the  
21 trustor.

22 (e) A transfer of real property by an instrument whose terms  
23 reserve to the transferor an estate for years or an estate for life.  
24 However, the termination of such an estate for years or life estate  
25 shall constitute a change of ownership.

26 (f) A transfer of real property between or among the same parties  
27 for the purpose of correcting or reforming a deed to express the true  
28 intention of the parties, if the original relationship between the  
29 grantor and grantee is not changed.

30 (3) "Change of ownership" also does not include an interspousal  
31 transfer of real property, including, but not limited to:

32 (a) Transfers to a trustee for the beneficial use of a spouse, or  
33 the surviving spouse of a deceased transferor, or by a trustee of such  
34 trust to the spouse of the trustor;

35 (b) Transfers that take effect upon the death of a spouse;

36 (c) Transfers to a spouse or former spouse in connection with a  
37 property settlement agreement or decree of dissolution of marriage or  
38 legal separation; and

1 (d) The creation, transfer, or termination, solely between spouses,  
2 of any co-owner's interest.

3 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.40 RCW  
4 to read as follows:

5 The assessed value of real property shall not be increased unless  
6 there has been a change of ownership since the previous valuation of  
7 the property. If there has been a change of ownership since the  
8 previous valuation of the property, the property shall be revalued as  
9 otherwise provided by law.

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

12 The assessor shall begin the preliminary work for each assessment  
13 not later than the first day of December of each year in all counties  
14 in the state. The assessor shall also complete the duties of listing  
15 and placing valuations on all property by May 31st of each year, except  
16 that the listing and valuation of construction (~~(under RCW 36.21.040~~  
17 ~~through 36.21.080))~~) shall be completed by August 31st of each year as  
18 provided in RCW 36.21.080, and in the following manner, to wit:

19 The assessor shall actually determine as nearly as practicable the  
20 true and fair value of each tract or lot of land listed for taxation  
21 and of each improvement located thereon and shall enter one hundred  
22 percent of the true and fair value of such land and of the total true  
23 and fair value of such improvements, together with the total of such  
24 one hundred percent valuations, opposite each description of property  
25 on the assessment list and tax roll.

26 The assessor shall determine the assessed value for each tract or  
27 lot of land listed for taxation, including improvements located  
28 thereon, and shall also enter this value opposite each description of  
29 property on the assessment list and tax roll.

30 The assessor shall make an alphabetical list of the names of all  
31 persons in the county liable to assessment of personal property, and  
32 require each person to make a correct list and statement of such  
33 property according to the standard form prescribed by the department of  
34 revenue, which statement and list shall include, if required by the  
35 form, the year of acquisition and total original cost of personal  
36 property in each category of the prescribed form, and shall be signed  
37 and verified under penalty of perjury by the person listing the

1 property: PROVIDED, That the assessor may list and value improvements  
2 on publicly owned land in the same manner as real property is listed  
3 and valued, including conformance with the revaluation program required  
4 under chapter 84.41 RCW. Such list and statement shall be filed on or  
5 before the last day of April. The assessor shall on or before the 1st  
6 day of January of each year mail a notice to all such persons at their  
7 last known address that such statement and list is required, such  
8 notice to be accompanied by the form on which the statement or list is  
9 to be made: PROVIDED, That the notice mailed by the assessor to each  
10 taxpayer each year shall, if practicable, include the statement and  
11 list of personal property of the taxpayer for the preceding year. Upon  
12 receipt of such statement and list the assessor shall thereupon  
13 determine the true and fair value of the property included in such  
14 statement and enter one hundred percent of the same on the assessment  
15 roll opposite the name of the party assessed; and in making such entry  
16 in the assessment list, the assessor shall give the name and post  
17 office address of the party listing the property, and if the party  
18 resides in a city the assessor shall give the street and number or  
19 other brief description of the party's residence or place of business.  
20 The assessor may, after giving written notice of the action to the  
21 person to be assessed, add to the assessment list any taxable property  
22 which should be included in such list.

23 **Sec. 4.** RCW 84.70.010 and 1994 c 301 s 56 are each amended to read  
24 as follows:

25 (1) If, on or before December 31 in any calendar year, any real or  
26 personal property placed upon the assessment roll of that year is  
27 destroyed in whole or in part, or is in an area that has been declared  
28 a disaster area by the governor and has been reduced in value by more  
29 than twenty percent as a result of a natural disaster, the true and  
30 (~~fair~~) assessed value of such property shall be reduced for that year  
31 by an amount determined as follows:

32 (a) First take the true and fair value of such taxable property  
33 before destruction or reduction in value and deduct therefrom the true  
34 and fair value of the remaining property after destruction or reduction  
35 in value.

36 (b) Then multiply any amount remaining by the ratio of the assessed  
37 value of the property to the true and fair value of the property.

1       (c) Then divide ((~~any amount remaining~~)) the result under (b) of  
2 this subsection by the number of days in the year and multiply the  
3 quotient by the number of days remaining in the calendar year after the  
4 date of the destruction or reduction in value of the property.

5       (2) No reduction in the ((~~true and fair~~)) assessed value shall be  
6 made more than three years after the date of destruction or reduction  
7 in value.

8       (3) The assessor shall make such reduction on his or her own  
9 motion; however, the taxpayer may make application for reduction on  
10 forms prepared by the department and provided by the assessor. The  
11 assessor shall notify the taxpayer of the amount of reduction.

12       (4) If destroyed property is replaced prior to the valuation dates  
13 contained in RCW 36.21.080 and 36.21.090, the total taxable value for  
14 that year shall not exceed the value as of the appropriate valuation  
15 date in RCW 36.21.080 or 36.21.090, whichever is appropriate.

16       (5) The taxpayer may appeal the amount of reduction to the county  
17 board of equalization within thirty days of notification or July 1st of  
18 the year of reduction, whichever is later. The board shall reconvene,  
19 if necessary, to hear the appeal.

20       NEW SECTION. Sec. 5. This act shall be effective for taxes levied  
21 for collection in 1996 and thereafter.

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