
HOUSE BILL 1240

State of Washington

54th Legislature

1995 Regular Session

By Representatives Romero, Quall, Kessler, Costa, Campbell, Thompson, Kremen, Morris and Basich

Read first time 01/18/95. Referred to Committee on Finance.

1 AN ACT Relating to valuation for property tax purposes; adding new
2 sections to chapter 84.40 RCW; creating a new section; and providing a
3 contingent effective date.

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

5 NEW SECTION. **Sec. 1.** The intent of this act is to provide
6 property tax relief by limiting increases in valuation of real property
7 tax for tax purposes to ten percent per year until the ownership of the
8 property changes.

9 NEW SECTION. **Sec. 2.** As used in section 3 of this act:

10 (1) "Change of ownership" means a transfer of a present interest in
11 real property, including a transfer of the beneficial use of real
12 property.

13 (a) "Change of ownership" includes, except as provided in (b) and
14 (c) of this subsection, the following:

15 (i) Contracting to convey the title to or ownership of real
16 property upon the fulfillment of one or more stated conditions where
17 the right to possession of the property is transferred currently.

1 (ii) The creation, transfer, or termination of a joint tenancy
2 interest.

3 (iii) The creation, transfer, or termination of a tenancy-in-common
4 interest.

5 (iv) The vesting of a right of possession or enjoyment of a
6 remainder or reversionary interest that occurs upon the termination of
7 a life estate or other similar precedent property interest.

8 (v) An interest that vests in persons other than the trustor where
9 a revocable trust becomes irrevocable.

10 (vi) The transfer of stock of a cooperative housing corporation,
11 vested with legal title to real property, that conveys to the
12 transferee the exclusive right to occupancy and possession of such
13 property, or a portion of the property.

14 (b) "Change of ownership" does not include:

15 (i) A transfer between co-owners that results in a change in the
16 method of holding title to the real property transferred without
17 changing the proportional interests of the co-owners in the real
18 property, such as a partition of a tenancy-in-common.

19 (ii) A transfer for the purpose of merely perfecting title to the
20 real property.

21 (iii) The creation, assignment, termination, or reconveyance of a
22 security interest in real property; or the substitution of a trustee
23 under a security instrument.

24 (iv) A transfer of real property by the trustor, or by the
25 trustor's spouse, or by both, into a trust for so long as the
26 transferor is the sole present beneficiary of the trust, or the trust
27 is revocable; or any transfer of real property by a trustee of such
28 trust back to the trustor.

29 (v) A transfer of real property by an instrument whose terms
30 reserve to the transferor an estate for years or an estate for life.
31 However, the termination of such an estate for years or life estate
32 shall constitute a change of ownership.

33 (vi) A transfer of real property between or among the same parties
34 for the purpose of correcting or reforming a deed to express the true
35 intention of the parties, if the original relationship between the
36 grantor and grantee is not changed.

37 (c) "Change of ownership" also does not include an interspousal
38 transfer of real property, including, but not limited to:

1 (i) Transfers to a trustee for the beneficial use of a spouse, or
2 the surviving spouse of a deceased transferor, or by a trustee of such
3 trust to the spouse of the trustor;

4 (ii) Transfers that take effect upon the death of a spouse;

5 (iii) Transfers to a spouse or former spouse in connection with a
6 property settlement agreement or decree of dissolution of marriage or
7 legal separation; and

8 (iv) The creation, transfer, or termination, solely between
9 spouses, of any co-owner's interest.

10 (2) "Inflation factor" means a number which is provided by the
11 department and is appropriate for use in measuring changes in the cost
12 of living. The department may base the factor upon recognized measures
13 of inflation, including but not limited to the consumer price index as
14 published by the bureau of labor statistics of the federal department
15 of labor.

16 (3) "Owned" means owned in fee, as a life estate, or by contract
17 purchase.

18 NEW SECTION. **Sec. 3.** (1) Real property shall be valued under this
19 section, unless there has been a change of ownership since the previous
20 valuation of the property. If there has been a change of ownership
21 since the previous valuation of the property, the property shall be
22 revalued as otherwise provided by law.

23 (2) The assessed value of property that is valued under this
24 section shall be equal to the lesser of the following:

25 (a) True and fair market value as established by the county
26 assessor in accordance with applicable law; or

27 (b) The most recent assessed value of the property increased on
28 January 1 each year thereafter by the greater of the inflation factor
29 or ten percent, compounded annually, plus the portion of the true and
30 fair market value attributable to any construction or alteration not
31 included in the previous assessment, other than construction or
32 alteration that is otherwise exempt by law.

33 NEW SECTION. **Sec. 4.** Sections 2 and 3 of this act are each added
34 to chapter 84.40 RCW.

35 NEW SECTION. **Sec. 5.** This act shall take effect January 1, 1996,
36 if an amendment to the state Constitution authorizing property tax

1 valuation in the manner provided in section 3 of this act is validly
2 submitted to and is approved and ratified by the voters at a general
3 election held in November 1995. If an amendment is not so approved and
4 ratified, this act is void in its entirety.

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