
SUBSTITUTE HOUSE BILL 2213

State of Washington

54th Legislature

1996 Regular Session

By House Committee on Finance (originally sponsored by Representatives Chandler, Carrell, B. Thomas, Mastin, Sheldon, Romero, Hymes, Dellwo, Koster, Johnson, Thompson, Backlund, Hargrove and Benton)

Read first time 01/30/96.

1 AN ACT Relating to property tax reform; amending RCW 84.38.010,
2 84.38.050, 84.41.030, 84.41.041, 84.40.045, 84.56.050, and 84.48.010;
3 reenacting and amending RCW 84.56.020; adding a new section to chapter
4 84.38 RCW; creating new sections; repealing RCW 84.56.022; and making
5 an appropriation.

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

7 NEW SECTION. **Sec. 1.** This act may be known and cited as the
8 taxpayer protection act of 1996.

9 NEW SECTION. **Sec. 2.** The legislature finds that large and
10 unanticipated increases in taxes on residential property cause
11 hardships for many homeowners. The legislature intends to allow
12 distressed taxpayers to defer taxes due so that they will be able to
13 remain in their homes while still paying an equitable share of the
14 overall property tax burden. The legislature also finds that
15 infrequent revaluations are inconsistent with the purposes of
16 maintaining an equitable and uniform property tax system, and often
17 result in sharp and unanticipated increases in assessments that cause
18 unnecessary financial distress for taxpayers. The legislature intends

1 that more frequent revaluations be conducted in all areas of the state
2 to prevent or mitigate such increases in assessments. The legislature
3 finds that taxation of property by numerous taxing districts makes
4 difficult public understanding of the amounts and purposes of property
5 taxes, and intends that the taxpayer be provided with sufficient
6 information to understand a property tax bill and to make informed
7 decisions on proposed property tax levies. The legislature intends
8 that taxpayers not be dissuaded from exercising the right to appeal a
9 property tax assessment by fear that such an appeal will result in a
10 higher assessment.

11 **PART I**

12 **DEFERRAL OF LARGE PROPERTY TAX INCREASES**

13 **Sec. 101.** RCW 84.38.010 and 1975 1st ex.s. c 291 s 26 are each
14 amended to read as follows:

15 (1) The legislature finds that savings once deemed adequate for
16 retirement living have been rendered inadequate by increased tax rates,
17 increased property values, and the failure of pension systems to
18 adequately reflect such factors. It is therefore deemed necessary that
19 the legislature, in addition to that tax exemption as provided for in
20 RCW 84.36.381 through 84.36.389 as now or hereafter amended, allow
21 retired persons to defer payment of special assessments on their
22 residences, and to defer their real property tax obligations on their
23 residences, an amount of up to eighty percent of their equity in said
24 property. ((This deferral program)) The deferral provided under RCW
25 84.38.030 is intended to assist retired persons in maintaining their
26 dignity and a reasonable standard of living by residing in their own
27 homes, providing for their own needs, and managing their own affairs
28 without requiring assistance from public welfare programs.

29 (2) The legislature also finds that large and unanticipated
30 increases in taxes on residential property, usually attributable to
31 rapid increases in property values, cause undue and excessive hardships
32 for many homeowners. These increased tax burdens put many of these
33 homeowners at risk of being unable to remain in their residences and
34 maintain their property. Temporary financial hardships, such as
35 unemployment or medical costs, may also cause some homeowners to have
36 insufficient resources to pay property tax bills. The legislature
37 therefore intends to provide such distressed taxpayers with the ability

1 to defer taxes due so that they will be able to remain in their homes
2 while still paying an equitable share of the overall property tax
3 burden.

4 NEW SECTION. **Sec. 102.** A new section is added to chapter 84.38
5 RCW to read as follows:

6 A claimant may defer payment of that amount of real property taxes
7 that exceeds six percent of the claimant's combined disposable income,
8 but not to exceed two thousand five hundred dollars per year, if the
9 following conditions are met:

10 (1) The property taxes must have been imposed upon a residence that
11 was occupied by the claimant as a principal place of residence as of
12 January 1st of the year in which the taxes are due, subject to the
13 exceptions allowed under RCW 84.36.381(1);

14 (2) The total amount deferred by a claimant under this chapter must
15 not exceed eighty percent of the claimant's equity value in the
16 claimant's residence; and

17 (3) The claimant must meet the conditions of RCW 84.38.030 (3) and
18 (4).

19 **Sec. 103.** RCW 84.38.050 and 1979 ex.s. c 214 s 8 are each amended
20 to read as follows:

21 (1)(a) Declarations to defer property taxes for all years following
22 the first year under RCW 84.38.030 may be made by filing with the
23 county assessor no later than thirty days before the tax is due a
24 renewal form in duplicate, prescribed by the department of revenue and
25 supplied by the county assessor, which affirms the continued
26 eligibility of the claimant.

27 (b) In January of each year, the county assessor shall send to each
28 claimant who has been granted deferral of ad valorem taxes for the
29 previous year under RCW 84.38.030 renewal forms and notice to renew.

30 (2) Declarations to defer special assessments shall be made by
31 filing with the assessor no later than thirty days before the special
32 assessment is due on a form to be prescribed by the department of
33 revenue and supplied by the county assessor. Upon approval, the full
34 amount of special assessments upon such claimant's residence shall be
35 deferred but not to exceed an amount equal to eighty percent of the
36 claimant's equity value in said property.

1 PART II

2 REVALUATIONS OF PROPERTY

3 Sec. 201. RCW 84.41.030 and 1982 1st ex.s. c 46 s 1 are each
4 amended to read as follows:

5 Each county assessor shall maintain an active and systematic
6 program of revaluation on a continuous basis, and shall establish a
7 revaluation schedule which will result in revaluation of all taxable
8 real property within the county (~~(at least once each four years and~~
9 ~~physical inspection of all taxable real property within the county at~~
10 ~~least once each six years)) as required under this chapter.~~

11 Sec. 202. RCW 84.41.041 and 1987 c 319 s 4 are each amended to
12 read as follows:

13 Each county assessor shall cause all taxable real property to be
14 revalued at least once every year and physically inspected (~~and~~
15 ~~valued~~) at least once every six years in accordance with (~~(RCW~~
16 ~~84.41.030, and in accordance with~~) a plan filed with and approved by
17 the department of revenue. Such revaluation plan shall provide that a
18 reasonable portion of all taxable real property within a county shall
19 be (~~(revalued and these newly determined~~) physically inspected and
20 newly determined values based on these physical inspections shall be
21 placed on the assessment rolls each year. (~~(The department may approve~~
22 ~~a plan that provides that all property in the county be revalued every~~
23 ~~two years. If the revaluation plan provides for physical inspection at~~
24 ~~least once each four years, during the intervals between each physical~~
25 ~~inspection of real property, the valuation of such property may be~~
26 ~~adjusted to its current true and fair value, such adjustments to be~~
27 ~~based upon appropriate statistical data.)) If the revaluation plan~~
28 provides for physical inspection less frequently than once each (~~(four~~
29 ~~years)) year, during the intervals between each physical inspection of
30 real property, the valuation of such property shall be adjusted to its
31 current true and fair value, such adjustments to be made once each year
32 and to be based upon appropriate statistical data.~~

33 The assessor may require property owners to submit pertinent data
34 respecting taxable property in their control including data respecting
35 any sale or purchase of said property within the past five years, the
36 cost and characteristics of any improvement on the property and other
37 facts necessary for appraisal of the property.

1 NEW SECTION. **Sec. 203.** The sum of dollars, or as much
2 thereof as may be necessary, is appropriated for the biennium ending
3 June 30, 1997, from the general fund to the department of revenue for
4 the purpose of assisting counties in complying with RCW 84.41.041.

5 **PART III**

6 **PROPERTY TAX NOTICES AND DISCLOSURES**

7 **Sec. 301.** RCW 84.40.045 and 1994 c 301 s 36 are each amended to
8 read as follows:

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

16 (2) The notice shall contain a statement of both the prior and the
17 new true and fair value and the ratio of the assessed value to the true
18 and fair value on which the assessment of the property is based,
19 stating separately land and improvement values, and a brief statement
20 of the procedure for appeal to the board of equalization and the time,
21 date, and place of the meetings of the board.

22 (3) The notice shall be mailed by the assessor to the taxpayer. If
23 any taxpayer, as shown by the tax rolls, holds solely a security
24 interest in the real property which is the subject of the notice,
25 pursuant to a mortgage, contract of sale, or deed of trust, such
26 taxpayer shall(~~(, upon written request of the assessor,)~~) supply,
27 within thirty days of (~~(receipt of such request)~~) entering into the
28 security agreement, to the assessor the name and address of the person
29 making payments pursuant to the mortgage, contract of sale, or deed of
30 trust, and thereafter such person shall also receive a copy of the
31 notice provided for in this section. Willful failure to comply with
32 (~~(such request)~~) this subsection within the time limitation provided
33 for herein shall make such taxpayer subject to a maximum civil penalty
34 of five thousand dollars. The penalties provided for herein shall be
35 recoverable in an action by the county prosecutor, and when recovered
36 shall be deposited in the county current expense fund. (~~(The assessor~~

1 ~~shall make the request provided for by this section during the month of~~
2 ~~January.)~~)

3 **Sec. 302.** RCW 84.56.050 and 1991 c 245 s 17 are each amended to
4 read as follows:

5 (1) On receiving the tax rolls the treasurer shall post all real
6 and personal property taxes from the rolls to the treasurer's tax roll,
7 and shall carry forward to the current tax rolls a memorandum of all
8 delinquent taxes on each and every description of property, and enter
9 the same on the property upon which the taxes are delinquent showing
10 the amounts for each year.

11 (2) The treasurer shall notify each taxpayer in the county, at the
12 expense of the county, of the amount of the real and personal
13 property(~~(, and the current and delinquent amount of tax due on the~~
14 ~~same; and the treasurer shall have printed on the notice the name of~~
15 ~~each tax and the levy made on the same)) taxes due and payable. The
16 notice mailed to the taxpayer shall at a minimum contain the following
17 information and this information must be separately stated on the
18 notice:~~

19 (a) The name and address of the taxpayer;

20 (b) The name, address, and telephone number of the county issuing
21 the notice;

22 (c) The parcel number as noted in the county records;

23 (d) The legal property address and description;

24 (e) The year for which the assessment is being made;

25 (f) The assessed valuation for the identified parcel's land value
26 and improvement value as reported by the county assessor's office;

27 (g) Current billing information containing the name of each taxing
28 jurisdiction levying a tax on the identified parcel, the amount of that
29 jurisdiction's levy rate, and the total amount due for each taxing
30 jurisdiction;

31 (h) The total taxes due as a result of regular property taxes
32 together with an indication of the percentage increase from the
33 previous year's total;

34 (i) The total taxes due as a result of excess levies approved by
35 the voters and any special assessments together with an indication of
36 the percentage increase from the previous year's total;

37 (j) The total taxes due and payable from the taxpayer, including
38 any delinquent taxes and any interest or penalties due; and

1 (k) A notice of the payment due dates and possible delinquency
2 penalties and interest.

3 (3) The requirements of subsection (2) of this section for
4 disclosures of increases from the previous year do not apply in respect
5 to parcels that have been segregated or subdivided since the previous
6 year.

7 (4) The county treasurer shall be the sole collector of all
8 delinquent taxes and all other taxes due and collectible on the tax
9 rolls of the county(~~(: PROVIDED, That the term "taxpayer" as used in~~
10 this section shall mean any person charged, or whose property is
11 charged, with property tax; and)).

12 The person to be notified under this section is that person whose
13 name appears on the tax roll (~~(herein mentioned: PROVIDED, FURTHER,~~
14 That)). If no name (~~(se))~~ appears on the tax roll the person to be
15 notified is that person shown by the treasurer's tax rolls or duplicate
16 tax receipts of any preceding year as the payer of the tax last paid on
17 the property in question. If any taxpayer, as shown by the tax rolls,
18 holds solely a security interest in the real property that is the
19 subject of the notice, the person making payments under the security
20 agreement, as identified under RCW 84.40.045, shall also receive a copy
21 of the notice provided for in this section.

22 NEW SECTION. Sec. 303. RCW 84.56.022 and 1995 c 180 s 1 & 1994 c
23 301 s 48 are each repealed.

24 **PART IV**

25 **PROPERTY TAX APPEALS**

26 **Sec. 401.** RCW 84.48.010 and 1988 c 222 s 20 are each amended to
27 read as follows:

28 Prior to July 15th, the county legislative authority shall form a
29 board for the equalization of the assessment of the property of the
30 county. The members of said board shall receive a per diem amount as
31 set by the county legislative authority for each day of actual
32 attendance of the meeting of the board of equalization to be paid out
33 of the current expense fund of the county: PROVIDED, That when the
34 county legislative authority constitute the board they shall only
35 receive their compensation as members of the county legislative
36 authority. The board of equalization shall meet in open session for

1 this purpose annually on the 15th day of July and, having each taken an
2 oath fairly and impartially to perform their duties as members of such
3 board, they shall examine and compare the returns of the assessment of
4 the property of the county and proceed to equalize the same, so that
5 each tract or lot of real property and each article or class of
6 personal property shall be entered on the assessment list at its true
7 and fair value, according to the measure of value used by the county
8 assessor in such assessment year, which is presumed to be correct
9 pursuant to RCW 84.40.0301, and subject to the following rules:

10 First. They shall raise the valuation of each tract or lot or item
11 of real property which is returned below its true and fair value to
12 such price or sum as to be the true and fair value thereof, after at
13 least five days' notice shall have been given in writing to the owner
14 or agent. The board shall not raise the valuation of any property that
15 is the subject of a petition filed under RCW 84.40.038 by the owner or
16 person responsible for payment of taxes.

17 Second. They shall reduce the valuation of each tract or lot or
18 item which is returned above its true and fair value to such price or
19 sum as to be the true and fair value thereof.

20 Third. They shall raise the valuation of each class of personal
21 property which is returned below its true and fair value to such price
22 or sum as to be the true and fair value thereof, and they shall raise
23 the aggregate value of the personal property of each individual
24 whenever the aggregate value is less than the true valuation of the
25 taxable personal property possessed by such individual, to such sum or
26 amount as to be the true value thereof, after at least five days'
27 notice shall have been given in writing to the owner or agent thereof.
28 The board shall not raise the valuation of any property that is the
29 subject of a petition filed under RCW 84.40.038 by the owner or person
30 responsible for payment of taxes.

31 Fourth. They shall reduce the valuation of each class of personal
32 property enumerated on the detail and assessment list of the current
33 year, which is returned above its true and fair value, to such price or
34 sum as to be the true and fair value thereof; and they shall reduce the
35 aggregate valuation of the personal property of such individual who has
36 been assessed at too large a sum to such sum or amount as was the true
37 and fair value of the personal property.

38 Fifth. The board may review all claims for either real or personal
39 property tax exemption as determined by the county assessor, and shall

1 consider any taxpayer appeals from the decision of the assessor thereon
2 to determine (1) if the taxpayer is entitled to an exemption, and (2)
3 if so, the amount thereof.

4 The clerk of the board shall keep an accurate journal or record of
5 the proceedings and orders of said board showing the facts and evidence
6 upon which their action is based, and the said record shall be
7 published the same as other proceedings of county legislative
8 authority, and shall make a true record of the changes of the
9 descriptions and assessed values ordered by the county board of
10 equalization. The assessor shall correct the real and personal
11 assessment rolls in accordance with the changes made by the said county
12 board of equalization, and the assessor shall make duplicate abstracts
13 of such corrected values, one copy of which shall be retained in the
14 office, and one copy forwarded to the department of revenue on or
15 before the eighteenth day of August next following the meeting of the
16 county board of equalization.

17 The county board of equalization shall meet on the 15th day of July
18 and may continue in session and adjourn from time to time during a
19 period not to exceed four weeks, but shall remain in session not less
20 than three days: PROVIDED, That the county board of equalization with
21 the approval of the county legislative authority may convene at any
22 time when petitions filed exceed twenty-five, or ten percent of the
23 number of appeals filed in the preceding year, whichever is greater.

24 No taxes, except special taxes, shall be extended upon the tax
25 rolls until the property valuations are equalized by the department of
26 revenue for the purpose of raising the state revenue.

27 County legislative authorities as such shall at no time have any
28 authority to change the valuation of the property of any person or to
29 release or commute in whole or in part the taxes due on the property of
30 any person.

31 **PART V**

32 **PROPERTY TAX DUE DATES**

33 **Sec. 501.** RCW 84.56.020 and 1991 c 245 s 16 and 1991 c 52 s 1 are
34 each reenacted and amended to read as follows:

35 (1) The county treasurer shall be the receiver and collector of all
36 taxes extended upon the tax rolls of the county, whether levied for
37 state, county, school, bridge, road, municipal or other purposes, and

1 also of all fines, forfeitures or penalties received by any person or
2 officer for the use of his or her county.

3 (2) All taxes upon real and personal property made payable by the
4 provisions of this title shall be due and payable to the county
5 treasurer ((on or before the thirtieth day of April and shall be
6 delinquent after that date: PROVIDED, That)) as follows:

7 (a) One-half of the taxes shall be due and payable on or before the
8 thirtieth day of April and shall be delinquent after that date.

9 (b) The remaining one-half of the taxes plus any applicable
10 interest and penalties shall be due and payable on or before the
11 thirty-first day of October and shall be delinquent after that date.

12 (c) If, however, the total amount of taxes due on real and personal
13 property by one person is less than thirty dollars, the total amount
14 must be paid on or before the thirtieth day of April and shall be
15 delinquent after that date.

16 (3) Each tax statement shall include a notice that checks for
17 payment of taxes due under this title may be made payable to "Treasurer
18 of County" or other appropriate office, but tax statements
19 shall not include any suggestion that checks may be made payable to the
20 name of the individual holding the office of treasurer nor any other
21 individual((: PROVIDED FURTHER, That when the total amount of tax or
22 special assessments on personal property or on any lot, block or tract
23 of real property payable by one person is thirty dollars or more, and
24 if one half of such tax be paid on or before the thirtieth day of
25 April, the remainder of such tax shall be due and payable on or before
26 the thirty first day of October following and shall be delinquent after
27 that date: PROVIDED FURTHER, That when the total amount of tax or
28 special assessments on any lot, block or tract of real property payable
29 by one person is thirty dollars or more, and if one half of such tax be
30 paid after the thirtieth day of April but before the thirty first day
31 of October, together with the applicable interest and penalty on the
32 full amount of such tax, the remainder of such tax shall be due and
33 payable on or before the thirty first day of October following and
34 shall be delinquent after that date)).

35 ((+2)) (4) Delinquent taxes under this section are subject to
36 interest at the rate of twelve percent per annum computed on a monthly
37 basis from the date of delinquency until paid. Interest shall be
38 calculated at the rate in effect at the time of payment of the tax,
39 regardless of when the taxes were first delinquent. In addition,

1 delinquent taxes under this section are subject to penalties as
2 follows:

3 (a) A penalty of three percent shall be assessed on the amount of
4 tax delinquent on June 1st of the year in which the tax is due.

5 (b) An additional penalty of eight percent shall be assessed on the
6 total amount of tax delinquent on December 1st of the year in which the
7 tax is due.

8 ~~((3) Subsection (2) of this section notwithstanding, no interest~~
9 ~~or penalties may be assessed for the period April 30, 1991, through~~
10 ~~December 31, 1991, on delinquent 1991 taxes which are imposed on~~
11 ~~personal residences owned by military personnel who participated in the~~
12 ~~situation known as "Operation Desert Shield," "Operation Desert Storm,"~~
13 ~~or any following operation from August 2, 1990, to a date specified by~~
14 ~~an agency of the federal government as the end of such operations.~~

15 ~~(4))~~ (5) For purposes of this chapter, "interest" means both
16 interest and penalties.

17 ~~((5))~~ (6) All collections of interest on delinquent taxes shall
18 be credited to the county current expense fund; but the cost of
19 foreclosure and sale of real property, and the fees and costs of
20 distraint and sale of personal property, for delinquent taxes, shall,
21 when collected, be credited to the operation and maintenance fund of
22 the county treasurer prosecuting the foreclosure or distraint or sale;
23 and shall be used by the county treasurer as a revolving fund to defray
24 the cost of further foreclosure, distraint and sale for delinquent
25 taxes without regard to budget limitations.

26 (7) As used in this section, "tax" includes special assessments.

27 **PART VI**

28 **MISCELLANEOUS**

29 NEW SECTION. **Sec. 601.** Part headings as used in this act
30 constitute no part of the law.

31 NEW SECTION. **Sec. 602.** This act is effective for taxes levied for
32 collection in 1997 and thereafter.

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