
SENATE BILL 6596

State of Washington

54th Legislature

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By Senators Drew, Haugen, Winsley, Sheldon, Hale, Snyder, Wood, McAuliffe, Finkbeiner, Goings, Pelz, Franklin, Smith, Sutherland, Bauer, Rasmussen and Oke

Read first time 01/18/96. Referred to Committee on Government Operations.

1 AN ACT Relating to using the most probable and most reasonable use
2 as the basis of calculating the true and fair value of real property
3 for property tax purposes; and amending RCW 84.40.030.

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

5 **Sec. 1.** RCW 84.40.030 and 1994 c 124 s 20 are each amended to read
6 as follows:

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

10 Taxable leasehold estates shall be valued at such price as they
11 would bring at a fair, voluntary sale for cash without any deductions
12 for any indebtedness owed including rentals to be paid.

13 The true and fair value of real property for taxation purposes
14 (including property upon which there is a coal or other mine, or stone
15 or other quarry) shall be based on the most probable and most
16 reasonable use of the real property based upon the following criteria:

17 (1) Any sales of the property being appraised or similar properties
18 with respect to sales made within the past five years. The appraisal
19 shall be consistent with the comprehensive land use plan, development

1 regulations under chapter 36.70A RCW, zoning, and any other
2 governmental policies or practices in effect at the time of appraisal
3 that affect the use of property, as well as physical and environmental
4 influences. The appraisal shall also take into account: (a) In the
5 use of sales by real estate contract as similar sales, the extent, if
6 any, to which the stated selling price has been increased by reason of
7 the down payment, interest rate, or other financing terms; and (b) the
8 extent to which the sale of a similar property actually represents the
9 general effective market demand for property of such type, in the
10 geographical area in which such property is located. Sales involving
11 deed releases or similar seller-developer financing arrangements shall
12 not be used as sales of similar property.

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

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

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