
SENATE BILL 5574

State of Washington

55th Legislature

1997 Regular Session

By Senator Horn

Read first time 01/31/97. Referred to Committee on Ways & Means.

1 AN ACT Relating to property tax reform; amending RCW 84.55.005,
2 84.55.010, 84.55.020, 35.61.210, 70.44.060, 84.08.115, 84.40.045,
3 84.56.050, 84.52.054, 84.56.020, 84.41.030, 84.41.041, and 84.40.0301;
4 adding a new section to chapter 84.41 RCW; adding a new chapter to
5 Title 84 RCW; creating new sections; repealing RCW 84.56.022; and
6 prescribing penalties.

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

8

PART I

9

STATUTORY LIMITATIONS STRENGTHENED

10 **Sec. 101.** RCW 84.55.005 and 1994 c 301 s 49 are each amended to
11 read as follows:

12 As used in this chapter(~~(, the term)~~):

13 (1) "Inflation" means the percentage change in the implicit price
14 deflator for personal consumption expenditures for the United States as
15 published for the most recent twelve-month period by the bureau of
16 economic analysis of the federal department of commerce in September of
17 the year before the taxes are payable; and

1 (2) "Regular property taxes" has the meaning given it in RCW
2 84.04.140, and also includes amounts received in lieu of regular
3 property taxes.

4 **Sec. 102.** RCW 84.55.010 and 1979 ex.s. c 218 s 2 are each amended
5 to read as follows:

6 (1) The implementation of any level of tax levy increase permitted
7 in subsection (2) of this section shall only be made following a
8 separate public hearing by and affirmative vote of the legislative body
9 of the taxing district. If, however, the taxing district chooses not
10 to take an increase in its levy, a public meeting or vote is not
11 necessary.

12 (2) Except as provided in this chapter, the levy for a taxing
13 district in any year shall be set so that the regular property taxes
14 payable in the following year shall not exceed one hundred six percent
15 or one hundred percent plus inflation, whichever is lower, of the
16 amount of regular property taxes lawfully levied for such district in
17 the highest of the three most recent years in which such taxes were
18 levied for such district plus an additional dollar amount calculated by
19 multiplying one-half of the increase in assessed value in that district
20 resulting from new construction, improvements to property, and one-half
21 of any increase in the assessed value of state-assessed property by the
22 regular property tax levy rate of that district for the preceding year.

23 **Sec. 103.** RCW 84.55.020 and 1971 ex.s. c 288 s 21 are each amended
24 to read as follows:

25 (1) The implementation of any level of tax levy increase permitted
26 in subsection (2) of this section shall only be made following a
27 separate public hearing by and affirmative vote of the legislative body
28 of the taxing district. If, however, the taxing district chooses not
29 to take an increase in its levy, a public meeting or vote is not
30 necessary.

31 (2) Notwithstanding the limitation set forth in RCW 84.55.010, the
32 first levy for a taxing district created from consolidation of similar
33 taxing districts shall be set so that the regular property taxes
34 payable in the following year shall not exceed one hundred six percent
35 or one hundred percent plus inflation, whichever is lower, of the sum
36 of the amount of regular property taxes lawfully levied for each
37 component taxing district in the highest of the three most recent years

1 in which such taxes were levied for such district plus the additional
2 dollar amount calculated by multiplying one-half of the increase in
3 assessed value in each component district resulting from new
4 construction and improvements to property by the regular property tax
5 rate of each component district for the preceding year.

6 **Sec. 104.** RCW 35.61.210 and 1990 c 234 s 3 are each amended to
7 read as follows:

8 The board of park commissioners may levy or cause to be levied a
9 general tax on all the property located in said park district each year
10 not to exceed fifty cents per thousand dollars of assessed value of the
11 property in such park district. In addition, the board of park
12 commissioners may levy or cause to be levied a general tax on all
13 property located in said park district each year not to exceed twenty-
14 five cents per thousand dollars of assessed valuation. Although park
15 districts are authorized to impose two separate regular property tax
16 levies, the levies shall be considered to be a single levy for purposes
17 of the ((~~one hundred six percent~~)) limitation provided for in chapter
18 84.55 RCW.

19 The board is hereby authorized to levy a general tax in excess of
20 its regular property tax levy or levies when authorized so to do at a
21 special election conducted in accordance with and subject to all the
22 requirements of the Constitution and laws of the state now in force or
23 hereafter enacted governing the limitation of tax levies. The board is
24 hereby authorized to call a special election for the purpose of
25 submitting to the qualified voters of the park district a proposition
26 to levy a tax in excess of the seventy-five cents per thousand dollars
27 of assessed value herein specifically authorized. The manner of
28 submitting any such proposition, of certifying the same, and of giving
29 or publishing notice thereof, shall be as provided by law for the
30 submission of propositions by cities or towns.

31 The board shall include in its general tax levy for each year a
32 sufficient sum to pay the interest on all outstanding bonds and may
33 include a sufficient amount to create a sinking fund for the redemption
34 of all outstanding bonds. The levy shall be certified to the proper
35 county officials for collection the same as other general taxes and
36 when collected, the general tax shall be placed in a separate fund in
37 the office of the county treasurer to be known as the "metropolitan
38 park district fund" and paid out on warrants.

1 **Sec. 105.** RCW 70.44.060 and 1990 c 234 s 2 are each amended to
2 read as follows:

3 All public hospital districts organized under the provisions of
4 this chapter shall have power:

5 (1) To make a survey of existing hospital and other health care
6 facilities within and without such district.

7 (2) To construct, condemn and purchase, purchase, acquire, lease,
8 add to, maintain, operate, develop and regulate, sell and convey all
9 lands, property, property rights, equipment, hospital and other health
10 care facilities and systems for the maintenance of hospitals,
11 buildings, structures, and any and all other facilities, and to
12 exercise the right of eminent domain to effectuate the foregoing
13 purposes or for the acquisition and damaging of the same or property of
14 any kind appurtenant thereto, and such right of eminent domain shall be
15 exercised and instituted pursuant to a resolution of the commission and
16 conducted in the same manner and by the same procedure as in or may be
17 provided by law for the exercise of the power of eminent domain by
18 incorporated cities and towns of the state of Washington in the
19 acquisition of property rights: PROVIDED, That no public hospital
20 district shall have the right of eminent domain and the power of
21 condemnation against any health care facility.

22 (3) To lease existing hospital and other health care facilities and
23 equipment and/or other property used in connection therewith, including
24 ambulances, and to pay such rental therefor as the commissioners shall
25 deem proper; to provide hospital and other health care services for
26 residents of said district by facilities located outside the boundaries
27 of said district, by contract or in any other manner said commissioners
28 may deem expedient or necessary under the existing conditions; and said
29 hospital district shall have the power to contract with other
30 communities, corporations, or individuals for the services provided by
31 said hospital district; and they may further receive in said hospitals
32 and other health care facilities and furnish proper and adequate
33 services to all persons not residents of said district at such
34 reasonable and fair compensation as may be considered proper:
35 PROVIDED, That it must at all times make adequate provision for the
36 needs of the district and residents of said district shall have prior
37 rights to the available hospital and other health care facilities of
38 said district, at rates set by the district commissioners.

1 (4) For the purpose aforesaid, it shall be lawful for any district
2 so organized to take, condemn and purchase, lease, or acquire, any and
3 all property, and property rights, including state and county lands,
4 for any of the purposes aforesaid, and any and all other facilities
5 necessary or convenient, and in connection with the construction,
6 maintenance, and operation of any such hospitals and other health care
7 facilities, subject, however, to the applicable limitations provided in
8 subsection (2) of this section.

9 (5) To contract indebtedness or borrow money for corporate purposes
10 on the credit of the corporation or the revenues of the hospitals
11 thereof, and the revenues of any other facilities or services that the
12 district is or hereafter may be authorized by law to provide, and to
13 issue and sell: (a) Revenue bonds, revenue warrants, or other revenue
14 obligations therefor payable solely out of a special fund or funds into
15 which the district may pledge such amount of the revenues of the
16 hospitals thereof, and the revenues of any other facilities or services
17 that the district is or hereafter may be authorized by law to provide,
18 to pay the same as the commissioners of the district may determine,
19 such revenue bonds, warrants, or other obligations to be issued and
20 sold in the same manner and subject to the same provisions as provided
21 for the issuance of revenue bonds, warrants, or other obligations by
22 cities or towns under the Municipal Revenue Bond Act, chapter 35.41
23 RCW, as may hereafter be amended; (b) general obligation bonds therefor
24 in the manner and form as provided in RCW 70.44.110 and 70.44.130, as
25 may hereafter be amended; or (c) interest-bearing warrants to be drawn
26 on a fund pending deposit in such fund of money sufficient to redeem
27 such warrants and to be issued and paid in such manner and upon such
28 terms and conditions as the board of commissioners may deem to be in
29 the best interest of the district; and to assign or sell hospital
30 accounts receivable, and accounts receivable for the use of other
31 facilities or services that the district is or hereafter may be
32 authorized by law to provide, for collection with or without recourse.
33 General obligation bonds shall be issued and sold in accordance with
34 chapter 39.46 RCW. Revenue bonds, revenue warrants, or other revenue
35 obligations may be issued and sold in accordance with chapter 39.46
36 RCW.

37 (6) To raise revenue by the levy of an annual tax on all taxable
38 property within such public hospital district not to exceed fifty cents
39 per thousand dollars of assessed value, and an additional annual tax on

1 all taxable property within such public hospital district not to exceed
2 twenty-five cents per thousand dollars of assessed value, or such
3 further amount as has been or shall be authorized by a vote of the
4 people. Although public hospital districts are authorized to impose
5 two separate regular property tax levies, the levies shall be
6 considered to be a single levy for purposes of the (~~one hundred six~~
7 ~~percent~~) limitation provided for in chapter 84.55 RCW. Public
8 hospital districts are authorized to levy such a general tax in excess
9 of their regular property taxes when authorized so to do at a special
10 election conducted in accordance with and subject to all of the
11 requirements of the Constitution and the laws of the state of
12 Washington now in force or hereafter enacted governing the limitation
13 of tax levies. The said board of district commissioners is authorized
14 and empowered to call a special election for the purpose of submitting
15 to the qualified voters of the hospital district a proposition or
16 propositions to levy taxes in excess of its regular property taxes.
17 The superintendent shall prepare a proposed budget of the contemplated
18 financial transactions for the ensuing year and file the same in the
19 records of the commission on or before the first Monday in September.
20 Notice of the filing of said proposed budget and the date and place of
21 hearing on the same shall be published for at least two consecutive
22 weeks in a newspaper printed and of general circulation in said county.
23 On the first Monday in October the commission shall hold a public
24 hearing on said proposed budget at which any taxpayer may appear and be
25 heard against the whole or any part of the proposed budget. Upon the
26 conclusion of said hearing, the commission shall, by resolution, adopt
27 the budget as finally determined and fix the final amount of
28 expenditures for the ensuing year. Taxes levied by the commission
29 shall be certified to and collected by the proper county officer of the
30 county in which such public hospital district is located in the same
31 manner as is or may be provided by law for the certification and
32 collection of port district taxes. The commission is authorized, prior
33 to the receipt of taxes raised by levy, to borrow money or issue
34 warrants of the district in anticipation of the revenue to be derived
35 by such district from the levy of taxes for the purpose of such
36 district, and such warrants shall be redeemed from the first money
37 available from such taxes when collected, and such warrants shall not
38 exceed the anticipated revenues of one year, and shall bear interest at
39 a rate or rates as authorized by the commission.

1 (7) To enter into any contract with the United States government or
2 any state, municipality, or other hospital district, or any department
3 of those governing bodies, for carrying out any of the powers
4 authorized by this chapter.

5 (8) To sue and be sued in any court of competent jurisdiction:
6 PROVIDED, That all suits against the public hospital district shall be
7 brought in the county in which the public hospital district is located.

8 (9) To pay actual necessary travel expenses and living expenses
9 incurred while in travel status for (a) qualified physicians who are
10 candidates for medical staff positions, and (b) other qualified persons
11 who are candidates for superintendent or other managerial and technical
12 positions, when the district finds that hospitals or other health care
13 facilities owned and operated by it are not adequately staffed and
14 determines that personal interviews with said candidates to be held in
15 the district are necessary or desirable for the adequate staffing of
16 said facilities.

17 (10) To make contracts, employ superintendents, attorneys, and
18 other technical or professional assistants and all other employees; to
19 make contracts with private or public institutions for employee
20 retirement programs; to print and publish information or literature;
21 and to do all other things necessary to carry out the provisions of
22 this chapter.

23 **Sec. 106.** RCW 84.08.115 and 1991 c 218 s 2 are each amended to
24 read as follows:

25 (1) The department shall prepare a clear and succinct explanation
26 of the property tax system, including but not limited to:

27 (a) The standard of true and fair value as the basis of the
28 property tax.

29 (b) How the assessed value for particular parcels is determined.

30 (c) The procedures and timing of the assessment process.

31 (d) How district levy rates are determined, including the ((~~one~~
32 ~~hundred six percent~~)) limit under chapter 84.55 RCW.

33 (e) How the composite tax rate is determined.

34 (f) How the amount of tax is calculated.

35 (g) How a taxpayer may appeal an assessment, and what issues are
36 appropriate as a basis of appeal.

37 (h) A summary of tax exemption and relief programs, along with the
38 eligibility standards and application processes.

1 (2) Each county assessor shall provide copies of the explanation to
2 taxpayers on request, free of charge. Each revaluation notice shall
3 include information regarding the availability of the explanation.

4 **PART II**

5 **FULL PROPERTY TAX DISCLOSURE**

6 **Sec. 201.** RCW 84.40.045 and 1994 c 301 s 36 are each amended to
7 read as follows:

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

15 (2) The notice shall contain the following information and this
16 information shall be separately stated on the notice:

17 (a) A statement of both the prior and the new true and fair value
18 ((and)), stating separately land and improvement values;

19 (b) The ratio of the assessed value to the true and fair value on
20 which the assessment of the property is based(~~(, stating separately~~
21 land and improvement values,)); and

22 (c) A brief statement of the procedure for appeal to the board of
23 equalization and the time, date, and place of the meetings of the
24 board.

25 (3) The notice shall be mailed by the assessor to the taxpayer.
26 For the purposes of this section, "taxpayer" means any person charged,
27 or whose property is charged, with property tax.

28 (4) If any taxpayer, as shown by the tax rolls, holds solely a
29 security interest in the real property which is the subject of the
30 notice, pursuant to a mortgage, contract of sale, or deed of trust,
31 such taxpayer shall(~~(, upon written request of the assessor,))~~
32 supply(~~(, within thirty days of receipt of such request,))~~
33 to the assessor for the county in which the parcel is located for inclusion on
34 the tax rolls the name and address of the person making payments for
35 property tax purposes pursuant to the mortgage, contract of sale, or
36 deed of trust, and thereafter such person shall also receive a copy of
37 the notice provided for in this section. Willful failure to comply

1 with (~~such request within the time limitation provided for herein~~
2 ~~shall~~) this subsection makes such taxpayer subject to a maximum civil
3 penalty of five dollars for each parcel of real property in which it
4 holds the security interest, the aggregate of such penalties in any one
5 year not to exceed five thousand dollars. The penalties provided for
6 (~~herein~~) in this subsection shall be recoverable in an action by the
7 county prosecutor, and when recovered shall be deposited in the county
8 current expense fund. (~~The assessor shall make the request provided~~
9 ~~for by this section during the month of January.~~)

10 **Sec. 202.** RCW 84.56.050 and 1991 c 245 s 17 are each amended to
11 read as follows:

12 (1) On receiving the tax rolls the county treasurer shall post all
13 real and personal property taxes from the rolls to the treasurer's tax
14 roll, and shall carry forward to the current tax rolls a memorandum of
15 all delinquent taxes on each and every description of property, and
16 enter the same on the property upon which the taxes are delinquent
17 showing the amounts for each year.

18 (2) The treasurer shall notify each taxpayer in the county, at the
19 expense of the county, of the amount of the real and personal
20 property(~~, and the current and delinquent amount of tax due on the~~
21 ~~same; and the treasurer shall have printed on the notice the name of~~
22 ~~each tax and the levy made on the same~~) taxes due and payable. The
23 notice mailed to the taxpayer shall at a minimum contain the following
24 information and this information must be separately stated on the
25 notice:

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

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

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

30 (d) The legal property address and description;

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

32 (f) The current assessed valuation of the parcel's land value and
33 improvement value as reported by the county assessor's office;

34 (g) Current billing information containing the name of each taxing
35 jurisdiction levying a tax on the identified parcel, the amount of that
36 jurisdiction's levy rate, and the total amount due for each taxing
37 jurisdiction;

1 (h) The amount of taxes due as a result of regular property taxes
2 and their share, expressed as a percentage, of the total amount of
3 taxes due from the taxpayer;

4 (i) The amount of taxes due as a result of excess levies approved
5 by the voters together with any special assessments and their share,
6 expressed as a percentage, of the total amount of taxes due from the
7 taxpayer;

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

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

12 (3) The county treasurer shall be the sole collector of all
13 delinquent taxes and all other taxes due and collectible on the tax
14 rolls of the county(~~(;—PROVIDED, That))~~).

15 (4) For the purposes of this section, the term "taxpayer" (~~(as used~~
16 ~~in this section shall)~~) means any person charged, or whose property is
17 charged, with property tax(~~(; and)~~).

18 (5) The person to be notified under subsection (2) of this section
19 is (~~(that)~~) the person whose name appears on the tax rolls (~~(herein~~
20 ~~mentioned:—PROVIDED, FURTHER, That)~~) of the county issuing the notice.
21 If no name so appears the person to be notified is that person shown by
22 the treasurer's tax rolls or duplicate tax receipts of any preceding
23 year as the payer of the tax last paid on the property in question. If
24 any taxpayer, as shown on the tax rolls, holds solely a security
25 interest in the real property that is the subject of the notice, the
26 county treasurer shall transmit a duplicate copy of the notice to the
27 person making payments for property tax purposes pursuant to a security
28 agreement. The duplicate notice shall clearly state in bold-face type
29 that it is not a bill and is for informational purposes only.

30 **Sec. 203.** RCW 84.52.054 and 1986 c 133 s 2 are each amended to
31 read as follows:

32 (1) Any ballot proposition submitted to the voters requesting the
33 additional tax provided for in (~~(subparagraph (a) of the seventeenth~~
34 ~~amendment to)) Article VII, section 2 (a) and (b) of the state~~
35 Constitution (~~(as amended by Amendment 59 and as thereafter amended,)~~)
36 and specifically authorized by RCW 84.52.052, (~~(as now or hereafter~~
37 ~~amended, and RCW)) 84.52.053 (~~(and))~~, 84.52.0531, and 84.52.056, or any~~
38 other proposition submitted to the voters for regular or excess

1 property tax levies shall ((be set forth in terms of dollars on the
2 ballot of the proposition to be submitted to the voters, together with
3 an estimate of the dollar rate of tax levy that will be required to
4 produce the dollar amount; and)) contain the following information in
5 the official ballot title submitted to the voters:

6 (a) The total dollar amount proposed to be collected during the
7 entire period of the levy;

8 (b) An estimate of the dollar rate of the tax levy that will be
9 required for each one thousand dollars of assessed value to produce the
10 total dollar amount proposed in (a) of this subsection;

11 (c) An estimate of the total tax liability for one hundred thousand
12 dollars of taxable value based on the estimated dollar amount of tax
13 levy in (b) of this subsection for each year of the period for which
14 the tax levy is proposed; and

15 (d) A statement of the proposed use or uses of the tax levies
16 requested.

17 (2) Any ballot proposition submitted to the voters requesting the
18 additional tax provided for in Article VII, section 2 (a) and (b) of
19 the state Constitution and specifically authorized by RCW 84.52.052,
20 84.52.053, 84.52.0531, and 84.52.056, or any other proposition
21 submitted to the voters for regular or excess property tax levies
22 lasting longer than one year shall contain the following information in
23 the official ballot title submitted to the voters:

24 (a) The total dollar amount proposed to be collected during the
25 entire period of the levy;

26 (b) The total dollar amount proposed to be collected during each
27 year of the period for which the tax levy is proposed. The total
28 dollar amount for each annual levy in the period may be equal or in
29 different amounts;

30 (c) An estimate of the dollar rate of the tax levy that will be
31 required for each one thousand dollars of assessed value to produce the
32 total dollar amounts proposed in (b) of this subsection;

33 (d) An estimate of the total tax liability for one hundred thousand
34 dollars of taxable value based on the estimated dollar amount of tax
35 levy in (b) of this subsection for each year of the period for which
36 the tax levy is proposed; and

37 (e) A statement of the proposed use or uses of the tax levies
38 requested.

1 (3) Each tax statement shall include a notice that checks for
2 payment of taxes due under this title may be made payable to "Treasurer
3 of County" or other appropriate office, but tax statements
4 shall not include any suggestion that checks may be made payable to the
5 name of the individual holding the office of treasurer nor any other
6 individual.

7 ~~((3) When the total amount of tax or special assessments on
8 personal property or on any lot, block or tract of real property
9 payable by one person is fifty dollars or more, and if one half of such
10 tax be paid on or before the thirtieth day of April, the remainder of
11 such tax shall be due and payable on or before the thirty first day of
12 October following and shall be delinquent after that date.~~

13 ~~(4) When the total amount of tax or special assessments on any lot,
14 block or tract of real property or on any mobile home payable by one
15 person is fifty dollars or more, and if one half of such tax be paid
16 after the thirtieth day of April but before the thirty first day of
17 October, together with the applicable interest and penalty on the full
18 amount of tax payable for that year, the remainder of such tax shall be
19 due and payable on or before the thirty first day of October following
20 and shall be delinquent after that date.~~

21 ~~(5))~~ (4) Delinquent taxes under this section are subject to
22 interest at the rate of twelve percent per annum computed on a monthly
23 basis on the full year amount of tax unpaid from the date of
24 delinquency until paid. Interest shall be calculated at the rate in
25 effect at the time of payment of the tax, regardless of when the taxes
26 were first delinquent. In addition, delinquent taxes under this
27 section are subject to penalties as follows:

28 (a) A penalty of three percent of the full year amount of tax
29 unpaid shall be assessed on the tax delinquent on June 1st of the year
30 in which the tax is due.

31 (b) An additional penalty of eight percent shall be assessed on the
32 amount of tax delinquent on December 1st of the year in which the tax
33 is due.

34 ~~((6) Subsection (5) of this section notwithstanding, no interest
35 or penalties may be assessed for the period April 30, 1996, through
36 December 31, 1996, on delinquent taxes imposed in 1995 for collection
37 in 1996 which are imposed on the personal residences owned by military
38 personnel who participated in the situation known as "Joint Endeavor."~~

1 newly determined values based on these physical inspections shall be
2 placed on the assessment rolls each year. (~~The department may approve~~
3 ~~a plan that provides that all property in the county be revalued every~~
4 ~~two years. If the revaluation plan provides for physical inspection at~~
5 ~~least once each four years, during the intervals between each physical~~
6 ~~inspection of real property, the valuation of such property may be~~
7 ~~adjusted to its current true and fair value, such adjustments to be~~
8 ~~based upon appropriate statistical data.)) If the revaluation plan
9 provides for physical inspection less frequently than once each
10 (~~four~~) year(~~s~~), during the intervals between each physical
11 inspection of real property, the valuation of such property shall be
12 adjusted to its current true and fair value, such adjustments to be
13 made once each year and to be based upon appropriate statistical data.~~

14 The assessor may require property owners to submit pertinent data
15 respecting taxable property in their control including data respecting
16 any sale or purchase of said property within the past five years, the
17 cost and characteristics of any improvement on the property and other
18 facts necessary for appraisal of the property.

19 NEW SECTION. Sec. 403. A new section is added to chapter 84.41
20 RCW to read as follows:

21 (1) Each county assessor shall file an implementation plan for RCW
22 84.41.041 with the department by July 1, 1998.

23 (2) The department may approve a revaluation plan that provides for
24 phased-in compliance with the annual statistical update requirement
25 provided in RCW 84.41.041. A phased-in compliance plan must provide
26 statistical updates for a reasonable portion of all taxable real
27 property within a county each year, with full compliance with the
28 annual statistical update requirement not later than for taxes levied
29 for collection in 2002.

30 (3) Department approval of requests for phased-in compliance with
31 the annual statistical update requirement shall be determined by the
32 extent to which the requirement creates an undue burden or hardship
33 upon the county requesting the approval. For the purposes of this
34 section, "undue burden or hardship" means the requesting county does
35 not at the time of application have the adequate tools or methods of
36 valuation to ensure a smooth transition to annual statistical updates
37 by 1998.

1 and placed on a foundation (posts or blocks) with fixed pipe
2 connections with sewer, water, or other utilities.

3 (7) "Real property taxes" means the total ad valorem property taxes
4 levied on a residence in this state in the preceding calendar year.

5 (8) "Residence" has the same meaning as that given in RCW
6 84.36.383, except that a residence shall include any additional
7 property up to a total of five acres that comprises the residential
8 parcel if this larger parcel size is required under land use
9 regulations.

10 NEW SECTION. **Sec. 504.** A claimant may apply to defer payment of
11 that amount of real property taxes imposed that exceeds six percent of
12 the claimant's combined disposable income up to a maximum dollar amount
13 of two thousand five hundred dollars per year. However, the combined
14 amount of taxes deferred under this chapter shall never exceed fifty
15 percent of the claimant's equity value in the real property for which
16 the deferral is requested.

17 NEW SECTION. **Sec. 505.** The following conditions must be met in
18 order to be eligible for the deferral program established in this
19 chapter:

20 (1) The real property taxes must have been imposed upon a residence
21 that was occupied by the claimant as a principal place of residence as
22 of the first day of January of the year for which the deferral is
23 claimed subject to the exceptions allowed under RCW 84.36.381(1);

24 (2) The claimant must meet the conditions of RCW 84.38.030 (3) and
25 (4);

26 (3) The claimant must submit acceptable proof of his or her total
27 combined disposable income for the year for which the deferral is
28 claimed; and

29 (4) The claimant may not be receiving or applying for another
30 exemption or deferral provided under this title.

31 NEW SECTION. **Sec. 506.** (1) A claimant electing to defer payment
32 of real property taxes under this chapter shall annually file with the
33 county assessor, on forms prescribed by the department and supplied by
34 the assessor, a written declaration of the election. The claimant
35 shall file the declaration to defer payment of real property taxes in
36 duplicate by July 31st of the year the taxes are due. For good cause

1 shown, the department may waive this filing deadline. A deferral under
2 this chapter may not be granted for more than one year.

3 (2) The written claim for deferral of real property taxes must at
4 a minimum contain the following information:

5 (a) The legal description of the residence for which the deferral
6 is claimed;

7 (b) A list of all members of the claimant's household;

8 (c) The claimant's equity value in the residence at the time the
9 claim is made;

10 (d) Facts establishing the eligibility for deferral under this
11 chapter; and

12 (e) Other relevant information required by rule of the department.

13 (3) A claim and renewal for deferral under this chapter must be
14 made and signed by the claimant or by the claimant's attorney in fact,
15 subject to the penalties as provided in chapter 9.72 RCW for false
16 swearing. If the residence of the person is under mortgage, contract
17 of sale, or deed of trust requiring accumulation of reserves out of
18 which the holder of the mortgage, contract of sale, or deed of trust is
19 required to pay real property taxes, the holder of the mortgage,
20 contract of sale, or deed of trust must cosign the claim for deferral
21 before a notary public or the county assessor or his or her deputy in
22 the county where the residence is located. If a claim for exemption is
23 made by a person living in a cooperative housing association,
24 corporation, or partnership, the claim must be made and signed by the
25 claimant and by the authorized agent of the cooperative.

26 (4) If the claimant is unable to submit his or her own claim for
27 deferral, the claim must be submitted by a duly authorized agent or by
28 a guardian or other person charged with the care of the person or
29 property of the claimant.

30 (5) A claim for deferral and a renewal application must be
31 accompanied by documented verification of income as prescribed by this
32 chapter.

33 (6) A person signing a false claim with the intent to defraud or
34 evade the payment of tax is guilty of the offense of perjury.

35 (7) The real property taxes of a cooperative housing association,
36 corporation, or partnership must be reduced by the amount of tax
37 deferral to which a claimant residing therein is entitled and the
38 cooperative shall reduce any amount owed by the claimant to the
39 cooperative by the exact amount of tax deferral.

1 (8) In January of each year, the county assessor shall send to each
2 claimant who has been granted deferral of real property taxes for the
3 previous year renewal forms and notice to renew.

4 (9) The county assessor shall determine if each claimant must be
5 granted a deferral for each year claimed, but the claimant may appeal
6 this determination to the county board of equalization, whose decision
7 is final as to the deferral of that year.

8 NEW SECTION. **Sec. 507.** If the claimant declaring the claimant's
9 intention to defer real property taxes under this chapter ceases to
10 reside permanently on the property for which the claim to defer is made
11 between the date of filing the claim and December 15th of that year,
12 the deferral otherwise allowable under this chapter may not be allowed
13 on the tax roll. However, this section does not apply if the claimant
14 dies, leaving a spouse or cotenant surviving, who is also eligible for
15 the deferral provided in this chapter.

16 NEW SECTION. **Sec. 508.** (1) If a portion of a claimant's real
17 property taxes is deferred under this chapter, the amount deferred and
18 required to be paid under section 511 of this act becomes a lien in
19 favor of the state upon the property for which the deferral is granted
20 and has priority as provided in chapters 35.50 and 84.60 RCW. However,
21 the interest of a mortgage, contract of sale, or deed of trust holder
22 who is required to cosign a claim for deferral under section 506 of
23 this act has priority to the deferred lien.

24 (2) The lien of the state may accumulate up to fifty percent of the
25 amount of the claimant's equity value in the property for which the
26 deferral is granted and must bear interest at the rate provided in RCW
27 82.32.050(2) from the time the claim for deferral is granted until the
28 obligation is paid.

29 (3) For a mobile home that is considered real property as provided
30 in this title, the department of licensing shall show the state's lien
31 on the certificate of ownership for the mobile home.

32 (4) For other real property, the department shall file a notice of
33 the deferral and the state's lien with the county recorder or auditor.

34 NEW SECTION. **Sec. 509.** The county assessor shall:

35 (1) Immediately transmit one copy of a claim to defer real property
36 taxes under this chapter to the department. The department may audit

1 a claim and shall notify the assessor as soon as possible of a claim in
2 which a factor appears to disqualify the claimant for the deferral
3 sought;

4 (2) Compute the real property tax rates for the property located
5 within the county as if a deferral provided by this chapter did not
6 exist; and

7 (3) As soon as possible, notify the department and the county
8 treasurer of the amount of real property taxes deferred for that year.

9 NEW SECTION. **Sec. 510.** (1) After receipt of the notification from
10 the county assessor of the amount of deferred real property taxes under
11 this chapter, the department shall certify to the state treasurer the
12 amount due the respective municipal corporations and the state
13 treasurer shall pay, from amounts appropriated for that purpose, to the
14 treasurers of the municipal corporations the amounts, equivalent to the
15 amount of real property taxes deferred, to be distributed to the taxing
16 districts which levied the taxes so deferred.

17 (2) If the claimant has, at the time of filing the declaration to
18 defer, already paid a portion of the claimant's real property taxes for
19 the current year, any portion that exceeds the amount of real property
20 tax that would have been allowed to be deferred under this chapter must
21 be deducted from the amount to be paid by the state.

22 NEW SECTION. **Sec. 511.** A real property tax deferred under this
23 chapter becomes due and payable together with interest as provided in
24 section 508(2) of this act:

25 (1) Upon the sale of the property that has a deferred real property
26 tax lien upon it;

27 (2) Upon the death of the claimant with an outstanding deferred
28 real property tax lien. However, a surviving spouse or cotenant who
29 remains eligible for a deferral under this chapter may elect to incur
30 the real property tax lien that is then payable by that spouse or
31 cotenant as provided in this section;

32 (3) Upon the condemnation of property with a deferred real property
33 tax lien upon it by a public or private body exercising eminent domain
34 power, except as otherwise provided in RCW 84.60.070;

35 (4) At the time the claimant ceases to reside permanently in the
36 residence for which the deferral has been granted; or

37 (5) Upon the failure of a condition in section 505 of this act.

1 NEW SECTION. **Sec. 512.** (1) Upon the occurrence of an event listed
2 in section 511 of this act, the county treasurer shall collect all the
3 amounts deferred under this chapter, together with interest, in the
4 manner provided in chapter 84.56 RCW. For purposes of collection of
5 deferred real property taxes, chapters 84.56, 84.60, and 84.64 RCW
6 apply.

7 (2) When a deferred real property tax, together with interest, is
8 collected the moneys must be credited to a special account in the
9 county treasury. The county treasurer shall remit the amount of
10 deferred real property tax together with interest to the department
11 within thirty days from the date of collection.

12 (3) The department shall deposit the deferred real property taxes
13 in the state general fund.

14 NEW SECTION. **Sec. 513.** (1) A surviving spouse of the claimant may
15 elect to continue the property in its deferred tax status if the
16 property is the residence of the spouse or cotenant of the claimant and
17 the spouse or cotenant meets the requirements of this chapter.

18 (2) The election under this section to continue the property in its
19 deferred status by the spouse or cotenant of the claimant must be filed
20 in the same manner as an original claim for deferral is filed under
21 this chapter within ninety days from the date of the claimant's death.
22 Thereupon, the property with respect to which the deferral of real
23 property taxes is claimed must continue to be treated as deferred
24 property. If the property has been continued in its deferred status by
25 the filing of the spouse or cotenant of the claimant of an election
26 under this section, the spouse or cotenant of the claimant may continue
27 the property in its deferred status in subsequent years by filing a
28 declaration under this chapter so long as the spouse or cotenant meets
29 the qualifications in this chapter. For good cause shown, the
30 department may waive the ninety-day filing deadline in this section.

31 NEW SECTION. **Sec. 514.** A claimant may at any time pay a part or
32 all of the deferred real property taxes, but the payment does not
33 affect the deferred tax status of the property.

34 NEW SECTION. **Sec. 515.** This chapter is not intended to nor may it
35 be construed to prevent the collection, by foreclosure, of personal

1 property or special assessments taxes that become a lien against tax-
2 deferred property.

3 NEW SECTION. **Sec. 516.** The department shall devise the forms and
4 adopt rules consistent with chapter 34.05 RCW and this chapter as are
5 necessary or desirable to permit the effective administration of this
6 chapter.

7 NEW SECTION. **Sec. 517.** Sections 501 through 516 of this act
8 constitute a new chapter in Title 84 RCW.

9 **PART VI**
10 **TAX APPEAL REFORM**

11 **Sec. 601.** RCW 84.40.0301 and 1994 c 301 s 35 are each amended to
12 read as follows:

13 Upon review by any court, or appellate body, of a determination of
14 the valuation of property for purposes of taxation, it shall be
15 presumed that the determination of the public official charged with the
16 duty of establishing such value is correct but this presumption shall
17 not be a defense against any correction indicated by ((clear, cogent
18 and convincing)) a preponderance of the evidence.

19 **PART VII**
20 **EFFECTIVE DATE**

21 NEW SECTION. **Sec. 701.** This act is effective for taxes levied for
22 collection in 1998 and thereafter.

23 **PART VIII**
24 **MISCELLANEOUS**

25 NEW SECTION. **Sec. 801.** Part headings used in this act are not any
26 part of the law.

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