
HOUSE BILL 1202

State of Washington

57th Legislature

2001 Regular Session

By Representatives Cairnes and Morris; by request of Department of Revenue

Read first time 01/19/2001. Referred to Committee on Finance.

1 AN ACT Relating to improving property tax administration by
2 providing for consistency in taxpayer appeals to county boards of
3 equalization; requiring the use of personal property valuation data
4 over a three-year period to avoid abrupt changes in the state
5 equalization ratio applied to the assessed value of property in a
6 county; and providing a process for correcting levy errors; amending
7 RCW 84.14.110, 84.26.130, 84.33.120, 84.33.130, 84.33.140, 84.34.035,
8 84.36.385, 84.36.812, 84.38.040, 84.40.038, and 84.48.080; reenacting
9 and amending RCW 84.34.108; adding a new section to chapter 84.52 RCW;
10 creating a new section; and providing an effective date.

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

12 **Sec. 1.** RCW 84.14.110 and 1995 c 375 s 14 are each amended to read
13 as follows:

14 (1) If improvements have been exempted under this chapter, the
15 improvements continue to be exempted and not be converted to another
16 use for at least ten years from date of issuance of the certificate of
17 tax exemption. If the owner intends to convert the multifamily
18 development to another use, the owner shall notify the assessor within
19 sixty days of the change in use. If, after a certificate of tax

1 exemption has been filed with the county assessor the city or assessor
2 or agent discovers that a portion of the property is changed or will be
3 changed to a use that is other than residential or that housing or
4 amenities no longer meet the requirements as previously approved or
5 agreed upon by contract between the governing authority and the owner
6 and that the multifamily housing, or a portion of the housing, no
7 longer qualifies for the exemption, the tax exemption must be canceled
8 and the following must occur:

9 (a) Additional real property tax must be imposed upon the value of
10 the nonqualifying improvements in the amount that would normally be
11 imposed, plus a penalty must be imposed amounting to twenty percent.
12 This additional tax is calculated based upon the difference between the
13 property tax paid and the property tax that would have been paid if it
14 had included the value of the nonqualifying improvements dated back to
15 the date that the improvements were converted to a nonmultifamily use;

16 (b) The tax must include interest upon the amounts of the
17 additional tax at the same statutory rate charged on delinquent
18 property taxes from the dates on which the additional tax could have
19 been paid without penalty if the improvements had been assessed at a
20 value without regard to this chapter; and

21 (c) The additional tax owed together with interest and penalty must
22 become a lien on the land and attach at the time the property or
23 portion of the property is removed from multifamily use or the
24 amenities no longer meet applicable requirements, and has priority to
25 and must be fully paid and satisfied before a recognizance, mortgage,
26 judgment, debt, obligation, or responsibility to or with which the land
27 may become charged or liable. The lien may be foreclosed upon
28 expiration of the same period after delinquency and in the same manner
29 provided by law for foreclosure of liens for delinquent real property
30 taxes. An additional tax unpaid on its due date is delinquent. From
31 the date of delinquency until paid, interest must be charged at the
32 same rate applied by law to delinquent ad valorem property taxes.

33 (2) Upon a determination that a tax exemption is to be canceled for
34 a reason stated in this section, the governing authority shall notify
35 the record owner of the property as shown by the tax rolls by mail,
36 return receipt requested, of the determination to cancel the exemption.
37 The owner may appeal the determination to the governing authority
38 within thirty days by filing a notice of appeal with the clerk of the
39 governing authority, which notice must specify the factual and legal

1 basis on which the determination of cancellation is alleged to be
2 erroneous. The governing authority or a hearing examiner or other
3 official authorized by the governing authority may hear the appeal. At
4 the hearing, all affected parties may be heard and all competent
5 evidence received. After the hearing, the deciding body or officer
6 shall either affirm, modify, or repeal the decision of cancellation of
7 exemption based on the evidence received. An aggrieved party may
8 appeal the decision of the deciding body or officer to the superior
9 court under RCW 34.05.510 through 34.05.598.

10 (3) Upon determination by the governing authority or authorized
11 representative to terminate an exemption, the county officials having
12 possession of the assessment and tax rolls shall correct the rolls in
13 the manner provided for omitted property under RCW 84.40.080. The
14 county assessor shall make such a valuation of the property and
15 improvements as is necessary to permit the correction of the rolls.
16 The owner may appeal the valuation to the county board of equalization
17 under chapter 84.48 RCW and according to the provisions of RCW
18 84.40.038. If there has been a failure to comply with this chapter,
19 the property must be listed as an omitted assessment for assessment
20 years beginning January 1 of the calendar year in which the
21 noncompliance first occurred, but the listing as an omitted assessment
22 may not be for a period more than three calendar years preceding the
23 year in which the failure to comply was discovered.

24 **Sec. 2.** RCW 84.26.130 and 1989 c 175 s 178 are each amended to
25 read as follows:

26 Any decision by a local review board on an application for
27 classification as historic property eligible for special valuation may
28 be appealed to superior court under RCW 34.05.510 through 34.05.598 in
29 addition to any other remedy at law. Any decision on the
30 disqualification of historic property eligible for special valuation,
31 or any other dispute, may be appealed to the county board of
32 equalization in accordance with RCW 84.40.038.

33 **Sec. 3.** RCW 84.33.120 and 1999 sp.s. c 4 s 702 are each amended to
34 read as follows:

35 (1) In preparing the assessment rolls as of January 1, 1982, for
36 taxes payable in 1983 and each January 1st thereafter, the assessor
37 shall list each parcel of forest land at a value with respect to the

1 grade and class provided in this subsection and adjusted as provided in
 2 subsection (2) of this section and shall compute the assessed value of
 3 the land by using the same assessment ratio he or she applies generally
 4 in computing the assessed value of other property in his or her county.
 5 Values for the several grades of bare forest land shall be as follows.

6	LAND	OPERABILITY	VALUES
7	GRADE	CLASS	PER ACRE
8			
9		1	\$141
10	1	2	136
11		3	131
12		4	95
13			
14		1	118
15	2	2	114
16		3	110
17		4	80
18			
19		1	93
20	3	2	90
21		3	87
22		4	66
23			
24		1	70
25	4	2	68
26		3	66
27		4	52
28			
29		1	51
30	5	2	48
31		3	46
32		4	31
33			
34		1	26
35	6	2	25
36		3	25
37		4	23
38			

1		1	12
2	7	2	12
3		3	11
4		4	11
5	<hr/>		
6	8		1
7	<hr/>		

8 (2) On or before December 31, 1981, the department shall adjust, by
9 rule under chapter 34.05 RCW, the forest land values contained in
10 subsection (1) of this section in accordance with this subsection, and
11 shall certify these adjusted values to the county assessor for his or
12 her use in preparing the assessment rolls as of January 1, 1982. For
13 the adjustment to be made on or before December 31, 1981, for use in
14 the 1982 assessment year, the department shall:

15 (a) Divide the aggregate value of all timber harvested within the
16 state between July 1, 1976, and June 30, 1981, by the aggregate harvest
17 volume for the same period, as determined from the harvester excise tax
18 returns filed with the department under RCW 82.04.291 and 84.33.071;
19 and

20 (b) Divide the aggregate value of all timber harvested within the
21 state between July 1, 1975, and June 30, 1980, by the aggregate harvest
22 volume for the same period, as determined from the harvester excise tax
23 returns filed with the department under RCW 82.04.291 and 84.33.071;
24 and

25 (c) Adjust the forest land values contained in subsection (1) of
26 this section by a percentage equal to one-half of the percentage change
27 in the average values of harvested timber reflected by comparing the
28 resultant values calculated under (a) and (b) of this subsection.

29 For the adjustments to be made on or before December 31, 1982, and
30 each succeeding year thereafter, the same procedure shall be followed
31 as described in this subsection utilizing harvester excise tax returns
32 filed under RCW 82.04.291 and this chapter except that this adjustment
33 shall be made to the prior year's adjusted value, and the five-year
34 periods for calculating average harvested timber values shall be
35 successively one year more recent.

36 (3) In preparing the assessment roll for 1972 and each year
37 thereafter, the assessor shall enter as the true and fair value of each
38 parcel of forest land the appropriate grade value certified to him or
39 her by the department of revenue, and he or she shall compute the

1 assessed value of such land by using the same assessment ratio he or
2 she applies generally in computing the assessed value of other property
3 in his or her county. In preparing the assessment roll for 1975 and
4 each year thereafter, the assessor shall assess and value as classified
5 forest land all forest land that is not then designated pursuant to RCW
6 84.33.120(4) or 84.33.130 and shall make a notation of such
7 classification upon the assessment and tax rolls. On or before January
8 15 of the first year in which such notation is made, the assessor shall
9 mail notice by certified mail to the owner that such land has been
10 classified as forest land and is subject to the compensating tax
11 imposed by this section. If the owner desires not to have such land
12 assessed and valued as classified forest land, he or she shall give the
13 assessor written notice thereof on or before March 31 of such year and
14 the assessor shall remove from the assessment and tax rolls the
15 classification notation entered pursuant to this subsection, and shall
16 thereafter assess and value such land in the manner provided by law
17 other than this chapter 84.33 RCW.

18 (4) In any year commencing with 1972, an owner of land which is
19 assessed and valued by the assessor other than pursuant to the
20 procedures set forth in RCW 84.33.110 and this section, and which has,
21 in the immediately preceding year, been assessed and valued by the
22 assessor as forest land, may appeal to the county board of equalization
23 by filing an application with the board in the manner prescribed in
24 subsection (2) of RCW 84.33.130. The county board shall afford the
25 applicant an opportunity to be heard if the application so requests and
26 shall act upon the application in the manner prescribed in subsection
27 (3) of RCW 84.33.130.

28 (5) Land that has been assessed and valued as classified forest
29 land as of any year commencing with 1975 assessment year or earlier
30 shall continue to be so assessed and valued until removal of
31 classification by the assessor only upon the occurrence of one of the
32 following events:

33 (a) Receipt of notice from the owner to remove such land from
34 classification as forest land;

35 (b) Sale or transfer to an ownership making such land exempt from
36 ad valorem taxation;

37 (c) Determination by the assessor, after giving the owner written
38 notice and an opportunity to be heard, that, because of actions taken
39 by the owner, such land is no longer primarily devoted to and used for

1 growing and harvesting timber. However, land shall not be removed from
2 classification if a governmental agency, organization, or other
3 recipient identified in subsection (9) or (10) of this section as
4 exempt from the payment of compensating tax has manifested its intent
5 in writing or by other official action to acquire a property interest
6 in classified forest land by means of a transaction that qualifies for
7 an exemption under subsection (9) or (10) of this section. The
8 governmental agency, organization, or recipient shall annually provide
9 the assessor of the county in which the land is located reasonable
10 evidence in writing of the intent to acquire the classified land as
11 long as the intent continues or within sixty days of a request by the
12 assessor. The assessor may not request this evidence more than once in
13 a calendar year;

14 (d) Determination that a higher and better use exists for such land
15 than growing and harvesting timber after giving the owner written
16 notice and an opportunity to be heard;

17 (e) Sale or transfer of all or a portion of such land to a new
18 owner, unless the new owner has signed a notice of forest land
19 classification continuance, except transfer to an owner who is an heir
20 or devisee of a deceased owner, shall not, by itself, result in removal
21 of classification. The signed notice of continuance shall be attached
22 to the real estate excise tax affidavit provided for in RCW 82.45.150.
23 The notice of continuance shall be on a form prepared by the department
24 of revenue. If the notice of continuance is not signed by the new
25 owner and attached to the real estate excise tax affidavit, all
26 compensating taxes calculated pursuant to subsection (7) of this
27 section shall become due and payable by the seller or transferor at
28 time of sale. The county auditor shall not accept an instrument of
29 conveyance of classified forest land for filing or recording unless the
30 new owner has signed the notice of continuance or the compensating tax
31 has been paid, as evidenced by the real estate excise tax stamp affixed
32 thereto by the treasurer. The seller, transferor, or new owner may
33 appeal the new assessed valuation calculated under subsection (7) of
34 this section to the county board of equalization in accordance with the
35 provisions of RCW 84.40.038. Jurisdiction is hereby conferred on the
36 county board of equalization to hear these appeals.

37 The assessor shall remove classification pursuant to (c) or (d) of
38 this subsection prior to September 30 of the year prior to the
39 assessment year for which termination of classification is to be

1 effective. Removal of classification as forest land upon occurrence of
2 (a), (b), (d), or (e) of this subsection shall apply only to the land
3 affected, and upon occurrence of (c) of this subsection shall apply
4 only to the actual area of land no longer primarily devoted to and used
5 for growing and harvesting timber: PROVIDED, That any remaining
6 classified forest land meets necessary definitions of forest land
7 pursuant to RCW 84.33.100.

8 (6) Within thirty days after such removal of classification as
9 forest land, the assessor shall notify the owner in writing setting
10 forth the reasons for such removal. The owner of such land shall
11 thereupon have the right to apply for designation of such land as
12 forest land pursuant to subsection (4) of this section or RCW
13 84.33.130. The seller, transferor, or owner may appeal such removal to
14 the county board of equalization in accordance with the provisions of
15 RCW 84.40.038.

16 (7) Unless the owner successfully applies for designation of such
17 land or unless the removal is reversed on appeal, notation of removal
18 from classification shall immediately be made upon the assessment and
19 tax rolls, and commencing on January 1 of the year following the year
20 in which the assessor made such notation, such land shall be assessed
21 on the same basis as real property is assessed generally in that
22 county. Except as provided in subsection (5)(e), (9), or (10) of this
23 section and unless the assessor shall not have mailed notice of
24 classification pursuant to subsection (3) of this section, a
25 compensating tax shall be imposed which shall be due and payable to the
26 county treasurer thirty days after the owner is notified of the amount
27 of the compensating tax. As soon as possible, the assessor shall
28 compute the amount of such compensating tax and mail notice to the
29 owner of the amount thereof and the date on which payment is due. The
30 amount of such compensating tax shall be equal to the difference, if
31 any, between the amount of tax last levied on such land as forest land
32 and an amount equal to the new assessed valuation of such land
33 multiplied by the dollar rate of the last levy extended against such
34 land, multiplied by a number, in no event greater than ten, equal to
35 the number of years, commencing with assessment year 1975, for which
36 such land was assessed and valued as forest land.

37 (8) Compensating tax, together with applicable interest thereon,
38 shall become a lien on such land which shall attach at the time such
39 land is removed from classification as forest land and shall have

1 priority to and shall be fully paid and satisfied before any
2 recognizance, mortgage, judgment, debt, obligation or responsibility to
3 or with which such land may become charged or liable. Such lien may be
4 foreclosed upon expiration of the same period after delinquency and in
5 the same manner provided by law for foreclosure of liens for delinquent
6 real property taxes as provided in RCW 84.64.050. Any compensating tax
7 unpaid on its due date shall thereupon become delinquent. From the
8 date of delinquency until paid, interest shall be charged at the same
9 rate applied by law to delinquent ad valorem property taxes.

10 (9) The compensating tax specified in subsection (7) of this
11 section shall not be imposed if the removal of classification as forest
12 land pursuant to subsection (5) of this section resulted solely from:

13 (a) Transfer to a government entity in exchange for other forest
14 land located within the state of Washington;

15 (b) A taking through the exercise of the power of eminent domain,
16 or sale or transfer to an entity having the power of eminent domain in
17 anticipation of the exercise of such power;

18 (c) A donation of fee title, development rights, or the right to
19 harvest timber, to a government agency or organization qualified under
20 RCW 84.34.210 and 64.04.130 for the purposes enumerated in those
21 sections, or the sale or transfer of fee title to a governmental entity
22 or a nonprofit nature conservancy corporation, as defined in RCW
23 64.04.130, exclusively for the protection and conservation of lands
24 recommended for state natural area preserve purposes by the natural
25 heritage council and natural heritage plan as defined in chapter 79.70
26 RCW: PROVIDED, That at such time as the land is not used for the
27 purposes enumerated, the compensating tax specified in subsection (7)
28 of this section shall be imposed upon the current owner;

29 (d) The sale or transfer of fee title to the parks and recreation
30 commission for park and recreation purposes;

31 (e) Official action by an agency of the state of Washington or by
32 the county or city within which the land is located that disallows the
33 present use of such land;

34 (f) The creation, sale, or transfer of forestry riparian easements
35 under RCW 76.13.120; or

36 (g) The creation, sale, or transfer of a fee interest or a
37 conservation easement for the riparian open space program under RCW
38 76.09.040.

1 (10) In a county with a population of more than one million
2 inhabitants, the compensating tax specified in subsection (7) of this
3 section shall not be imposed if the removal of classification as forest
4 land pursuant to subsection (5) of this section resulted solely from:

5 (a) An action described in subsection (9) of this section; or

6 (b) A transfer of a property interest to a government entity, or to
7 a nonprofit historic preservation corporation or nonprofit nature
8 conservancy corporation, as defined in RCW 64.04.130, to protect or
9 enhance public resources, or to preserve, maintain, improve, restore,
10 limit the future use of, or otherwise to conserve for public use or
11 enjoyment, the property interest being transferred. At such time as
12 the property interest is not used for the purposes enumerated, the
13 compensating tax shall be imposed upon the current owner.

14 (11) With respect to any land that has been designated prior to May
15 6, 1974, pursuant to RCW 84.33.120(4) or 84.33.130, the assessor may,
16 prior to January 1, 1975, on his or her own motion or pursuant to
17 petition by the owner, change, without imposition of the compensating
18 tax provided under RCW 84.33.140, the status of such designated land to
19 classified forest land.

20 **Sec. 4.** RCW 84.33.130 and 1994 c 301 s 32 are each amended to read
21 as follows:

22 (1) An owner of land desiring that it be designated as forest land
23 and valued pursuant to RCW 84.33.120 as of January 1 of any year shall
24 make application to the county assessor before such January 1.

25 (2) The application shall be made upon forms prepared by the
26 department of revenue and supplied by the county assessor, and shall
27 include the following:

28 (a) A legal description of or assessor's tax lot numbers for all
29 land the applicant desires to be designated as forest land;

30 (b) The date or dates of acquisition of such land;

31 (c) A brief description of the timber on such land, or if the
32 timber has been harvested, the owner's plan for restocking;

33 (d) Whether there is a forest management plan for such land;

34 (e) If so, the nature and extent of implementation of such plan;

35 (f) Whether such land is used for grazing;

36 (g) Whether such land has been subdivided or a plat filed with
37 respect thereto;

1 (h) Whether such land and the applicant are in compliance with the
2 restocking, forest management, fire protection, insect and disease
3 control and forest debris provisions of Title 76 RCW or any applicable
4 regulations thereunder;

5 (i) Whether such land is subject to forest fire protection
6 assessments pursuant to RCW 76.04.610;

7 (j) Whether such land is subject to a lease, option or other right
8 which permits it to be used for any purpose other than growing and
9 harvesting timber;

10 (k) A summary of the past experience and activity of the applicant
11 in growing and harvesting timber;

12 (l) A summary of current and continuing activity of the applicant
13 in growing and harvesting timber;

14 (m) A statement that the applicant is aware of the potential tax
15 liability involved when such land ceases to be designated as forest
16 land;

17 (n) An affirmation that the statements contained in the application
18 are true and that the land described in the application is, by itself
19 or with other forest land not included in the application, in
20 contiguous ownership of twenty or more acres which is primarily devoted
21 to and used for growing and harvesting timber.

22 The assessor shall afford the applicant an opportunity to be heard if
23 the application so requests.

24 (3) The assessor shall act upon the application with due regard to
25 all relevant evidence and without any one or more items of evidence
26 necessarily being determinative, except that the application may be
27 denied for one of the following reasons, without regard to other items:

28 (a) The land does not contain either a "merchantable stand of
29 timber" or an "adequate stocking" as defined by rule adopted by the
30 forest practices board, except this reason (a) shall not alone be
31 sufficient for denial of the application (i) if such land has been
32 recently harvested or supports a growth of brush or noncommercial type
33 timber, and the application includes a plan for restocking within three
34 years or such longer period necessitated by unavailability of seed or
35 seedlings, or (ii) if only isolated areas within such land do not meet
36 such minimum standards due to rock outcroppings, swamps, unproductive
37 soil or other natural conditions;

38 (b) The applicant, with respect to such land, has failed to comply
39 with a final administrative or judicial order with respect to a

1 violation of the restocking, forest management, fire protection, insect
2 and disease control and forest debris provisions of Title 76 RCW or any
3 applicable regulations thereunder;

4 (c) The land abuts a body of salt water and lies between the line
5 of ordinary high tide and a line paralleling such ordinary high tide
6 line and two hundred feet horizontally landward therefrom, except that
7 if the higher and better use determined by the assessor to exist for
8 such land would not be permitted or economically feasible by virtue of
9 any federal, state or local law or regulation such land shall be
10 assessed and valued pursuant to the procedures set forth in RCW
11 84.33.110 and 84.33.120 without being designated. The application
12 shall be deemed to have been approved unless, prior to May 1, of the
13 year after such application was mailed or delivered to the assessor,
14 the assessor shall notify the applicant in writing of the extent to
15 which the application is denied.

16 (4) An owner who receives notice pursuant to subsection (3) of this
17 section that his or her application has been denied may appeal such
18 denial to the county board of equalization in accordance with the
19 provisions of RCW 84.40.038.

20 **Sec. 5.** RCW 84.33.140 and 1999 sp.s. c 4 s 703 are each amended to
21 read as follows:

22 (1) When land has been designated as forest land pursuant to RCW
23 84.33.120(4) or 84.33.130, a notation of such designation shall be made
24 each year upon the assessment and tax rolls, a copy of the notice of
25 approval together with the legal description or assessor's tax lot
26 numbers for such land shall, at the expense of the applicant, be filed
27 by the assessor in the same manner as deeds are recorded, and such land
28 shall be graded and valued pursuant to RCW 84.33.110 and 84.33.120
29 until removal of such designation by the assessor upon occurrence of
30 any of the following:

31 (a) Receipt of notice from the owner to remove such designation;

32 (b) Sale or transfer to an ownership making such land exempt from
33 ad valorem taxation;

34 (c) Sale or transfer of all or a portion of such land to a new
35 owner, unless the new owner has signed a notice of forest land
36 designation continuance, except transfer to an owner who is an heir or
37 devisee of a deceased owner, shall not, by itself, result in removal of
38 classification. The signed notice of continuance shall be attached to

1 the real estate excise tax affidavit provided for in RCW 82.45.150.
2 The notice of continuance shall be on a form prepared by the department
3 of revenue. If the notice of continuance is not signed by the new
4 owner and attached to the real estate excise tax affidavit, all
5 compensating taxes calculated pursuant to subsection (3) of this
6 section shall become due and payable by the seller or transferor at
7 time of sale. The county auditor shall not accept an instrument of
8 conveyance of designated forest land for filing or recording unless the
9 new owner has signed the notice of continuance or the compensating tax
10 has been paid, as evidenced by the real estate excise tax stamp affixed
11 thereto by the treasurer. The seller, transferor, or new owner may
12 appeal the new assessed valuation calculated under subsection (3) of
13 this section to the county board of equalization in accordance with the
14 provisions of RCW 84.40.038. Jurisdiction is hereby conferred on the
15 county board of equalization to hear these appeals;

16 (d) Determination by the assessor, after giving the owner written
17 notice and an opportunity to be heard, that:

18 (i) Such land is no longer primarily devoted to and used for
19 growing and harvesting timber. However, land shall not be removed from
20 designation if a governmental agency, organization, or other recipient
21 identified in subsection (5) or (6) of this section as exempt from the
22 payment of compensating tax has manifested its intent in writing or by
23 other official action to acquire a property interest in designated
24 forest land by means of a transaction that qualifies for an exemption
25 under subsection (5) or (6) of this section. The governmental agency,
26 organization, or recipient shall annually provide the assessor of the
27 county in which the land is located reasonable evidence in writing of
28 the intent to acquire the designated land as long as the intent
29 continues or within sixty days of a request by the assessor. The
30 assessor may not request this evidence more than once in a calendar
31 year;

32 (ii) The owner has failed to comply with a final administrative or
33 judicial order with respect to a violation of the restocking, forest
34 management, fire protection, insect and disease control and forest
35 debris provisions of Title 76 RCW or any applicable regulations
36 thereunder; or

37 (iii) Restocking has not occurred to the extent or within the time
38 specified in the application for designation of such land.

1 Removal of designation upon occurrence of any of (a) through (c) of
2 this subsection shall apply only to the land affected, and upon
3 occurrence of (d) of this subsection shall apply only to the actual
4 area of land no longer primarily devoted to and used for growing and
5 harvesting timber, without regard to other land that may have been
6 included in the same application and approval for designation:
7 PROVIDED, That any remaining designated forest land meets necessary
8 definitions of forest land pursuant to RCW 84.33.100.

9 (2) Within thirty days after such removal of designation of forest
10 land, the assessor shall notify the owner in writing, setting forth the
11 reasons for such removal. The seller, transferor, or owner may appeal
12 such removal to the county board of equalization in accordance with the
13 provisions of RCW 84.40.038.

14 (3) Unless the removal is reversed on appeal a copy of the notice
15 of removal with notation of the action, if any, upon appeal, together
16 with the legal description or assessor's tax lot numbers for the land
17 removed from designation shall, at the expense of the applicant, be
18 filed by the assessor in the same manner as deeds are recorded, and
19 commencing on January 1 of the year following the year in which the
20 assessor mailed such notice, such land shall be assessed on the same
21 basis as real property is assessed generally in that county. Except as
22 provided in subsection (1)(c), (5), or (6) of this section, a
23 compensating tax shall be imposed which shall be due and payable to the
24 county treasurer thirty days after the owner is notified of the amount
25 of the compensating tax. As soon as possible, the assessor shall
26 compute the amount of such compensating tax and mail notice to the
27 owner of the amount thereof and the date on which payment is due. The
28 amount of such compensating tax shall be equal to the difference
29 between the amount of tax last levied on such land as forest land and
30 an amount equal to the new assessed valuation of such land multiplied
31 by the dollar rate of the last levy extended against such land,
32 multiplied by a number, in no event greater than ten, equal to the
33 number of years for which such land was designated as forest land.

34 (4) Compensating tax, together with applicable interest thereon,
35 shall become a lien on such land which shall attach at the time such
36 land is removed from designation as forest land and shall have priority
37 to and shall be fully paid and satisfied before any recognizance,
38 mortgage, judgment, debt, obligation or responsibility to or with which
39 such land may become charged or liable. Such lien may be foreclosed

1 upon expiration of the same period after delinquency and in the same
2 manner provided by law for foreclosure of liens for delinquent real
3 property taxes as provided in RCW 84.64.050. Any compensating tax
4 unpaid on its due date shall thereupon become delinquent. From the
5 date of delinquency until paid, interest shall be charged at the same
6 rate applied by law to delinquent ad valorem property taxes.

7 (5) The compensating tax specified in subsection (3) of this
8 section shall not be imposed if the removal of designation pursuant to
9 subsection (1) of this section resulted solely from:

10 (a) Transfer to a government entity in exchange for other forest
11 land located within the state of Washington;

12 (b) A taking through the exercise of the power of eminent domain,
13 or sale or transfer to an entity having the power of eminent domain in
14 anticipation of the exercise of such power;

15 (c) A donation of fee title, development rights, or the right to
16 harvest timber, to a government agency or organization qualified under
17 RCW 84.34.210 and 64.04.130 for the purposes enumerated in those
18 sections, or the sale or transfer of fee title to a governmental entity
19 or a nonprofit nature conservancy corporation, as defined in RCW
20 64.04.130, exclusively for the protection and conservation of lands
21 recommended for state natural area preserve purposes by the natural
22 heritage council and natural heritage plan as defined in chapter 79.70
23 RCW: PROVIDED, That at such time as the land is not used for the
24 purposes enumerated, the compensating tax specified in subsection (3)
25 of this section shall be imposed upon the current owner;

26 (d) The sale or transfer of fee title to the parks and recreation
27 commission for park and recreation purposes;

28 (e) Official action by an agency of the state of Washington or by
29 the county or city within which the land is located that disallows the
30 present use of such land;

31 (f) The creation, sale, or transfer of forestry riparian easements
32 under RCW 76.13.120; or

33 (g) The creation, sale, or transfer of a fee interest or a
34 conservation easement for the riparian open space program under RCW
35 76.09.040.

36 (6) In a county with a population of more than one million
37 inhabitants, the compensating tax specified in subsection (3) of this
38 section shall not be imposed if the removal of classification as forest
39 land pursuant to subsection (1) of this section resulted solely from:

1 (a) An action described in subsection (5) of this section; or
2 (b) A transfer of a property interest to a government entity, or to
3 a nonprofit historic preservation corporation or nonprofit nature
4 conservancy corporation, as defined in RCW 64.04.130, to protect or
5 enhance public resources, or to preserve, maintain, improve, restore,
6 limit the future use of, or otherwise to conserve for public use or
7 enjoyment, the property interest being transferred. At such time as
8 the property interest is not used for the purposes enumerated, the
9 compensating tax shall be imposed upon the current owner.

10 **Sec. 6.** RCW 84.34.035 and 1992 c 69 s 5 are each amended to read
11 as follows:

12 The assessor shall act upon the application for current use
13 classification of farm and agricultural lands under RCW 84.34.020(2),
14 with due regard to all relevant evidence. The application shall be
15 deemed to have been approved unless, prior to the first day of May of
16 the year after such application was mailed or delivered to the
17 assessor, the assessor shall notify the applicant in writing of the
18 extent to which the application is denied. An owner who receives
19 notice that his or her application has been denied may appeal such
20 denial to the board of equalization in the county where the property is
21 located. The appeal shall be filed in accordance with RCW 84.40.038(~~7~~
22 ~~within thirty days after the mailing of the notice of denial~~). Within
23 ten days following approval of the application, the assessor shall
24 submit notification of such approval to the county auditor for
25 recording in the place and manner provided for the public recording of
26 state tax liens on real property. The assessor shall retain a copy of
27 all applications.

28 The assessor shall, as to any such land, make a notation each year
29 on the assessment list and the tax roll of the assessed value of such
30 land for the use for which it is classified in addition to the assessed
31 value of such land were it not so classified.

32 **Sec. 7.** RCW 84.34.108 and 1999 sp.s. c 4 s 706 and 1999 c 233 s 22
33 are each reenacted and amended to read as follows:

34 (1) When land has once been classified under this chapter, a
35 notation of such classification shall be made each year upon the
36 assessment and tax rolls and such land shall be valued pursuant to RCW

1 84.34.060 or 84.34.065 until removal of all or a portion of such
2 classification by the assessor upon occurrence of any of the following:

3 (a) Receipt of notice from the owner to remove all or a portion of
4 such classification;

5 (b) Sale or transfer to an ownership, except a transfer that
6 resulted from a default in loan payments made to or secured by a
7 governmental agency that intends to or is required by law or regulation
8 to resell the property for the same use as before, making all or a
9 portion of such land exempt from ad valorem taxation;

10 (c) Sale or transfer of all or a portion of such land to a new
11 owner, unless the new owner has signed a notice of classification
12 continuance, except transfer to an owner who is an heir or devisee of
13 a deceased owner shall not, by itself, result in removal of
14 classification. The notice of continuance shall be on a form prepared
15 by the department of revenue. If the notice of continuance is not
16 signed by the new owner and attached to the real estate excise tax
17 affidavit, all additional taxes calculated pursuant to subsection (4)
18 of this section shall become due and payable by the seller or
19 transferor at time of sale. The county auditor shall not accept an
20 instrument of conveyance of classified land for filing or recording
21 unless the new owner has signed the notice of continuance or the
22 additional tax has been paid, as evidenced by the real estate excise
23 tax stamp affixed thereto by the treasurer. The seller, transferor, or
24 new owner may appeal the new assessed valuation calculated under
25 subsection (4) of this section to the county board of equalization in
26 accordance with the provisions of RCW 84.40.038. Jurisdiction is
27 hereby conferred on the county board of equalization to hear these
28 appeals;

29 (d) Determination by the assessor, after giving the owner written
30 notice and an opportunity to be heard, that all or a portion of such
31 land no longer meets the criteria for classification under this
32 chapter. The criteria for classification pursuant to this chapter
33 continue to apply after classification has been granted.

34 The granting authority, upon request of an assessor, shall provide
35 reasonable assistance to the assessor in making a determination whether
36 such land continues to meet the qualifications of RCW 84.34.020 (1) or
37 (3). The assistance shall be provided within thirty days of receipt of
38 the request.

39 (2) Land may not be removed from classification because of:

1 (a) The creation, sale, or transfer of forestry riparian easements
2 under RCW 76.13.120; or

3 (b) The creation, sale, or transfer of a fee interest or a
4 conservation easement for the riparian open space program under RCW
5 76.09.040.

6 (3) Within thirty days after such removal of all or a portion of
7 such land from current use classification, the assessor shall notify
8 the owner in writing, setting forth the reasons for such removal. The
9 seller, transferor, or owner may appeal such removal to the county
10 board of equalization in accordance with the provisions of RCW
11 84.40.038.

12 (4) Unless the removal is reversed on appeal, the assessor shall
13 revalue the affected land with reference to full market value on the
14 date of removal from classification. Both the assessed valuation
15 before and after the removal of classification shall be listed and
16 taxes shall be allocated according to that part of the year to which
17 each assessed valuation applies. Except as provided in subsection (6)
18 of this section, an additional tax, applicable interest, and penalty
19 shall be imposed which shall be due and payable to the county treasurer
20 thirty days after the owner is notified of the amount of the additional
21 tax. As soon as possible, the assessor shall compute the amount of
22 such an additional tax, applicable interest, and penalty and the
23 treasurer shall mail notice to the owner of the amount thereof and the
24 date on which payment is due. The amount of such additional tax,
25 applicable interest, and penalty shall be determined as follows:

26 (a) The amount of additional tax shall be equal to the difference
27 between the property tax paid as "open space land", "farm and
28 agricultural land", or "timber land" and the amount of property tax
29 otherwise due and payable for the seven years last past had the land
30 not been so classified;

31 (b) The amount of applicable interest shall be equal to the
32 interest upon the amounts of such additional tax paid at the same
33 statutory rate charged on delinquent property taxes from the dates on
34 which such additional tax could have been paid without penalty if the
35 land had been assessed at a value without regard to this chapter;

36 (c) The amount of the penalty shall be as provided in RCW
37 84.34.080. The penalty shall not be imposed if the removal satisfies
38 the conditions of RCW 84.34.070.

1 (5) Additional tax, applicable interest, and penalty, shall become
2 a lien on such land which shall attach at the time such land is removed
3 from classification under this chapter and shall have priority to and
4 shall be fully paid and satisfied before any recognizance, mortgage,
5 judgment, debt, obligation or responsibility to or with which such land
6 may become charged or liable. Such lien may be foreclosed upon
7 expiration of the same period after delinquency and in the same manner
8 provided by law for foreclosure of liens for delinquent real property
9 taxes as provided in RCW 84.64.050 now or as hereafter amended. Any
10 additional tax unpaid on its due date shall thereupon become
11 delinquent. From the date of delinquency until paid, interest shall be
12 charged at the same rate applied by law to delinquent ad valorem
13 property taxes.

14 (6) The additional tax, applicable interest, and penalty specified
15 in subsection (4) of this section shall not be imposed if the removal
16 of classification pursuant to subsection (1) of this section resulted
17 solely from:

18 (a) Transfer to a government entity in exchange for other land
19 located within the state of Washington;

20 (b)(i) A taking through the exercise of the power of eminent
21 domain, or (ii) sale or transfer to an entity having the power of
22 eminent domain in anticipation of the exercise of such power, said
23 entity having manifested its intent in writing or by other official
24 action;

25 (c) A natural disaster such as a flood, windstorm, earthquake, or
26 other such calamity rather than by virtue of the act of the landowner
27 changing the use of such property;

28 (d) Official action by an agency of the state of Washington or by
29 the county or city within which the land is located which disallows the
30 present use of such land;

31 (e) Transfer of land to a church when such land would qualify for
32 exemption pursuant to RCW 84.36.020;

33 (f) Acquisition of property interests by state agencies or agencies
34 or organizations qualified under RCW 84.34.210 and 64.04.130 for the
35 purposes enumerated in those sections: PROVIDED, That at such time as
36 these property interests are not used for the purposes enumerated in
37 RCW 84.34.210 and 64.04.130 the additional tax specified in subsection
38 (4) of this section shall be imposed;

1 (g) Removal of land classified as farm and agricultural land under
2 RCW 84.34.020(2)(d);

3 (h) Removal of land from classification after enactment of a
4 statutory exemption that qualifies the land for exemption and receipt
5 of notice from the owner to remove the land from classification;

6 (i) The creation, sale, or transfer of forestry riparian easements
7 under RCW 76.13.120; or

8 (j) The creation, sale, or transfer of a fee interest or a
9 conservation easement for the riparian open space program under RCW
10 76.09.040.

11 **Sec. 8.** RCW 84.36.385 and 1992 c 206 s 13 are each amended to read
12 as follows:

13 (1) A claim for exemption under RCW 84.36.381 as now or hereafter
14 amended, shall be made and filed at any time during the year for
15 exemption from taxes payable the following year and thereafter and
16 solely upon forms as prescribed and furnished by the department of
17 revenue. However, an exemption from tax under RCW 84.36.381 shall
18 continue for no more than four years unless a renewal application is
19 filed as provided in subsection (3) of this section. The county
20 assessor may also require, by written notice, a renewal application
21 following an amendment of the income requirements set forth in RCW
22 84.36.381. Renewal applications shall be on forms prescribed and
23 furnished by the department of revenue.

24 (2) A person granted an exemption under RCW 84.36.381 shall inform
25 the county assessor of any change in status affecting the person's
26 entitlement to the exemption on forms prescribed and furnished by the
27 department of revenue.

28 (3) Each person exempt from taxes under RCW 84.36.381 in 1993 and
29 thereafter, shall file with the county assessor a renewal application
30 not later than December 31 of the year the assessor notifies such
31 person of the requirement to file the renewal application.

32 (4) Beginning in 1992 and in each of the three succeeding years,
33 the county assessor shall notify approximately one-fourth of those
34 persons exempt from taxes under RCW 84.36.381 in the current year who
35 have not filed a renewal application within the previous four years, of
36 the requirement to file a renewal application.

37 (5) If the assessor finds that the applicant does not meet the
38 qualifications as set forth in RCW 84.36.381, as now or hereafter

1 amended, the claim or exemption shall be denied but such denial shall
2 be subject to appeal under the provisions of RCW 84.48.010(5) and in
3 accordance with the provisions of RCW 84.40.038. If the applicant had
4 received exemption in prior years based on erroneous information, the
5 taxes shall be collected subject to penalties as provided in RCW
6 84.40.130 for a period of not to exceed three years.

7 (6) The department and each local assessor is hereby directed to
8 publicize the qualifications and manner of making claims under RCW
9 84.36.381 through 84.36.389, through communications media, including
10 such paid advertisements or notices as it deems appropriate. Notice of
11 the qualifications, method of making applications, the penalties for
12 not reporting a change in status, and availability of further
13 information shall be included on or with property tax statements and
14 revaluation notices for all residential property including mobile
15 homes, except rental properties.

16 **Sec. 9.** RCW 84.36.812 and 1984 c 220 s 9 are each amended to read
17 as follows:

18 All additional taxes imposed under RCW 84.36.262 or 84.36.810 shall
19 become due and payable by the seller or transferor at the time of sale.
20 The county auditor shall not accept an instrument of conveyance unless
21 the additional tax has been paid or the department of revenue has
22 determined that the property is not subject to RCW 84.36.262 or
23 84.36.810. The seller, the transferor, or the new owner may appeal the
24 assessed values upon which the additional tax is based to the county
25 board of equalization in accordance with the provisions of RCW
26 84.40.038.

27 **Sec. 10.** RCW 84.38.040 and 1994 c 301 s 34 are each amended to
28 read as follows:

29 (1) Each claimant electing to defer payment of special assessments
30 and/or real property tax obligations under this chapter shall file with
31 the county assessor, on forms prescribed by the department and supplied
32 by the assessor, a written declaration thereof. The declaration to
33 defer special assessments and/or real property taxes for any year shall
34 be filed no later than thirty days before the tax or assessment is due
35 or thirty days after receiving notice under RCW 84.64.050, whichever is
36 later: PROVIDED, That for good cause shown, the department may waive
37 this requirement.

1 (2) The declaration shall designate the property to which the
2 deferral applies, and shall include a statement setting forth (a) a
3 list of all members of the claimant's household, (b) the claimant's
4 equity value in his residence, (c) facts establishing the eligibility
5 for the deferral under the provisions of this chapter, and (d) any
6 other relevant information required by the rules of the department.
7 Each copy shall be signed by the claimant subject to the penalties as
8 provided in chapter 9A.72 RCW for false swearing. The first
9 declaration to defer filed in a county shall include proof of the
10 claimant's age acceptable to the assessor.

11 (3) The county assessor shall determine if each claimant shall be
12 granted a deferral for each year but the claimant shall have the right
13 to appeal this determination to the county board of equalization, in
14 accordance with the provisions of RCW 84.40.038, whose decision shall
15 be final as to the deferral of that year.

16 **Sec. 11.** RCW 84.40.038 and 1997 c 294 s 1 are each amended to read
17 as follows:

18 (1) The owner or person responsible for payment of taxes on any
19 property may petition the county board of equalization for a change in
20 the assessed valuation placed upon such property by the county assessor
21 or for any other reason specifically authorized by statute. Such
22 petition must be made on forms prescribed or approved by the department
23 of revenue and any petition not conforming to those requirements or not
24 properly completed shall not be considered by the board. The petition
25 must be filed with the board on or before July 1st of the year of the
26 assessment or determination, within thirty days after the date an
27 assessment ~~((or))~~, value change notice, or other notice has been
28 mailed, or within a time limit of up to sixty days adopted by the
29 county legislative authority, whichever is later. If a county
30 legislative authority sets a time limit, the authority may not change
31 the limit for three years from the adoption of the limit.

32 (2) The board of equalization may waive the filing deadline if the
33 petition is filed within a reasonable time after the filing deadline
34 and the petitioner shows good cause for the late filing. The decision
35 of the board of equalization regarding a waiver of the filing deadline
36 is final and not appealable under RCW 84.08.130. Good cause may be
37 shown by one or more of the following events or circumstances:

1 (a) Death or serious illness of the taxpayer or his or her
2 immediate family;

3 (b) The taxpayer was absent from the address where the taxpayer
4 normally receives the assessment or value change notice, was absent for
5 more than fifteen days of the days allowed in subsection (1) of this
6 section before the filing deadline, and the filing deadline is after
7 July 1;

8 (c) Incorrect written advice regarding filing requirements received
9 from board of equalization staff, county assessor's staff, or staff of
10 the property tax advisor designated under RCW 84.48.140;

11 (d) Natural disaster such as flood or earthquake;

12 (e) Delay or loss related to the delivery of the petition by the
13 postal service, and documented by the postal service; or

14 (f) Other circumstances as the department may provide by rule.

15 (3) The owner or person responsible for payment of taxes on any
16 property may request that the appeal be heard by the state board of tax
17 appeals without a hearing by the county board of equalization when the
18 assessor, the owner or person responsible for payment of taxes on the
19 property, and a majority of the county board of equalization agree that
20 a direct appeal to the state board of tax appeals is appropriate. The
21 state board of tax appeals may reject the appeal, in which case the
22 county board of equalization shall consider the appeal under RCW
23 84.48.010. Notice of such a rejection, together with the reason
24 therefor, shall be provided to the affected parties and the county
25 board of equalization within thirty days of receipt of the direct
26 appeal by the state board.

27 **Sec. 12.** RCW 84.48.080 and 1997 c 3 s 112 are each amended to read
28 as follows:

29 (1) Annually during the months of September and October, the
30 department of revenue shall examine and compare the returns of the
31 assessment of the property in the several counties of the state, and
32 the assessment of the property of railroad and other companies assessed
33 by the department, and proceed to equalize the same, so that each
34 county in the state shall pay its due and just proportion of the taxes
35 for state purposes for such assessment year, according to the ratio the
36 ((assessed)) valuation of the property in each county bears to the
37 ((correct)) total ((assessed)) valuation of all property in the state.

1 (~~First.~~) (a) The department shall classify all property, real and
2 personal, and shall raise and lower the (~~assessed~~) valuation of any
3 class of property in any county to a value that shall be equal, so far
4 as possible, to the (~~correct assessed~~) true and fair value of such
5 class as of January 1st of the current year(~~(, after determining the~~
6 ~~correct appraised value, and any adjustment applicable under RCW~~
7 ~~84.40.0305 for the property,)) for the purpose of ascertaining the just
8 amount of tax due from each county for state purposes. (~~In equalizing~~
9 ~~personal property as of January 1st of the current year, the department~~
10 ~~shall use the assessment level of the preceding year.)) In equalizing
11 personal property as of January 1st of the current year, the department
12 shall use valuation data with respect to personal property from the
13 three years immediately preceding the current assessment year in a
14 manner it deems appropriate. Such classification may be on the basis
15 of types of property, geographical areas, or both. For purposes of
16 this section, for each county that has not provided the department with
17 an assessment return by December 1st, the department shall proceed,
18 using facts and information and in a manner it deems appropriate, to
19 estimate the value of each class of property in the county.~~~~

20 (~~Second.~~) (b) The department shall keep a full record of its
21 proceedings and the same shall be published annually by the department.

22 (2) The department shall levy the state taxes authorized by law.
23 The amount levied in any one year for general state purposes shall not
24 exceed the lawful dollar rate on the dollar of the assessed value of
25 the property of the entire state (~~as equalized under this section~~),
26 which assessed value shall be one hundred percent of the true and fair
27 value of the property in money. The department shall apportion the
28 amount of tax for state purposes levied by the department, among the
29 several counties, in proportion to the (~~assessed~~) valuation of the
30 taxable property of the county for the year as equalized by the
31 department: PROVIDED, That for purposes of this apportionment, the
32 department shall recompute the previous year's levy and the
33 apportionment thereof to correct for changes and errors in taxable
34 values reported to the department after October 1 of the preceding year
35 and shall adjust the apportioned amount of the current year's state
36 levy for each county by the difference between the apportioned amounts
37 established by the original and revised levy computations for the
38 previous year. For purposes of this section, changes in taxable values
39 mean a final adjustment made by a county board of equalization, the

1 state board of tax appeals, or a court of competent jurisdiction and
2 shall include additions of omitted property, other additions or
3 deletions from the assessment or tax rolls, any assessment return
4 provided by a county to the department subsequent to December 1st, or
5 a change in the indicated ratio of a county. Errors in taxable values
6 mean errors corrected by a final reviewing body.

7 In addition to computing a levy under this subsection that is
8 reduced under RCW 84.55.012, the department shall compute a
9 hypothetical levy without regard to the reduction under RCW 84.55.012.
10 This hypothetical levy shall also be apportioned among the several
11 counties in proportion to the valuation of the taxable property of the
12 county for the year, as equalized by the department, in the same manner
13 as the actual levy and shall be used by the county assessors for the
14 purpose of recomputing and establishing a consolidated levy under RCW
15 84.52.010.

16 (3) The department shall have authority to adopt rules and
17 regulations to enforce obedience to its orders in all matters in
18 relation to the returns of county assessments, the equalization of
19 values, and the apportionment of the state levy by the department.

20 (4) After the completion of the duties prescribed in this section,
21 the director of the department shall certify the record of the
22 proceedings of the department under this section, the tax levies made
23 for state purposes and the apportionment thereof among the counties,
24 and the certification shall be available for public inspection.

25 NEW SECTION. **Sec. 13.** A new section is added to chapter 84.52 RCW
26 to read as follows:

27 (1) If an error has occurred in the levy of property taxes that has
28 caused all taxpayers within a taxing district, other than the state, to
29 pay an incorrect amount of property tax, the assessor shall correct the
30 error by making an appropriate adjustment to the levy for that taxing
31 district in the succeeding year. The adjustment shall be made without
32 including any interest. If the governing authority of the taxing
33 district determines that the amount of the adjustment in the succeeding
34 year is so large as to cause a hardship for the taxing district or the
35 taxpayers within the district, the adjustment may be made on a
36 proportional basis over a period of not more than three consecutive
37 years.

1 (a) A correction of an error in the levying of property taxes shall
2 not be made for any period more than three years preceding the year in
3 which the error is discovered.

4 (b) When calculating the levy limitation under chapter 84.55 RCW
5 for levies made following the discovery of an error, the assessor shall
6 determine and use the correct levy amount for the year or years being
7 corrected as though the error had not occurred. The amount of the
8 adjustment determined under this subsection (1) shall not be considered
9 when calculating the levy limitation.

10 (c) If the taxing district in which a levy error has occurred does
11 not levy property taxes in the year the error is discovered, or for a
12 period of more than three years subsequent to the year the error was
13 discovered, an adjustment shall not be made.

14 (2) If an error has occurred in the distribution of property taxes
15 so that property tax collected has been incorrectly distributed to a
16 taxing district or taxing districts wholly or partially within a
17 county, the treasurer of the county in which the error occurred shall
18 correct the error by making an appropriate adjustment to the amount
19 distributed to that taxing district or districts in the succeeding
20 year. The adjustment shall be made without including any interest. If
21 the treasurer, in consultation with the governing authority of the
22 taxing district or districts affected, determines that the amount of
23 the adjustment in the succeeding year is so large as to cause a
24 hardship for the taxing district or districts, the adjustment may be
25 made on a proportional basis over a period of not more than three
26 consecutive years. A correction of an error in the distribution of
27 property taxes shall not be made for any period more than three years
28 preceding the year in which the error is discovered.

29 NEW SECTION. **Sec. 14.** Section 13 of this act takes effect January
30 1, 2002, and applies to errors that occur on and after January 1, 2002.

31 NEW SECTION. **Sec. 15.** Sections 1 through 12 of this act apply for
32 taxes levied in 2001 for collection in 2002 and thereafter.

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