
SENATE BILL 5668

State of Washington

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By Senators Rasmussen, Sheahan, Shin, Parlette, Hargrove, Hewitt, Honeyford, Morton, Hale, Stevens, Hochstatter, Swecker, T. Sheldon, Zarelli, Haugen and Roach

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1 AN ACT Relating to the exemption of machinery and equipment used in
2 farming operations from the state property tax and preventing a shift
3 of property taxes; amending RCW 84.48.080 and 84.52.010; adding a new
4 section to chapter 84.36 RCW; and creating a new section.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 84.36 RCW
7 to read as follows:

8 (1) All machinery and equipment owned by a farmer and used
9 exclusively in farming activities is exempt from property taxes levied
10 for any state purpose.

11 (2) "Farmer" means any person, as defined in RCW 82.04.213, engaged
12 solely or primarily in the business of growing or producing any
13 agricultural product for sale. "Farmer" does not include:

14 (a) Persons using agricultural products as ingredients in a
15 manufacturing process;

16 (b) Persons selling any animal or animal substance in connection
17 with the business of operating a stockyard, slaughterhouse, or
18 packinghouse; or

1 (c) Persons in the business of taking, cultivating, or raising
2 timber.

3 (3)(a) "Farming activity" includes, but is not limited to, the
4 business of producing agricultural products as defined in RCW
5 82.04.213.

6 (b) The term "farming activity" does not mean processing for sale
7 or handling for sale a commodity or product grown or produced by a
8 person other than the farmer or the farmer's employees.

9 (4) A claim for exemption under this section shall be filed with
10 the county assessor together with the verified statement required under
11 RCW 84.40.190, for exemption from taxes payable the following year.
12 The claim shall be made solely upon forms as prescribed and furnished
13 by the department of revenue.

14 **Sec. 2.** RCW 84.48.080 and 1997 c 3 s 112 are each amended to read
15 as follows:

16 (1) Annually during the months of September and October, the
17 department of revenue shall examine and compare the returns of the
18 assessment of the property in the several counties of the state, and
19 the assessment of the property of railroad and other companies assessed
20 by the department, and proceed to equalize the same, so that each
21 county in the state shall pay its due and just proportion of the taxes
22 for state purposes for such assessment year, according to the ratio the
23 assessed valuation of the property in each county bears to the correct
24 total assessed valuation of all property in the state.

25 First. The department shall classify all property, real and
26 personal, and shall raise and lower the assessed valuation of any class
27 of property in any county to a value that shall be equal, so far as
28 possible, to the correct assessed value of such class as of January 1st
29 of the current year, after determining the correct appraised value, and
30 any adjustment applicable under RCW 84.40.0305 for the property, for
31 the purpose of ascertaining the just amount of tax due from each county
32 for state purposes. In equalizing personal property as of January 1st
33 of the current year, the department shall use the assessment level of
34 the preceding year. Such classification may be on the basis of types
35 of property, geographical areas, or both. For purposes of this
36 section, for each county that has not provided the department with an
37 assessment return by December 1st, the department shall proceed, using

1 facts and information and in a manner it deems appropriate, to estimate
2 the value of each class of property in the county.

3 Second. The department shall keep a full record of its proceedings
4 and the same shall be published annually by the department.

5 (2) The department shall levy the state taxes authorized by law.
6 The amount levied in any one year for general state purposes shall not
7 exceed the lawful dollar rate on the dollar of the assessed value of
8 the property of the entire state as equalized under this section. The
9 department shall apportion the amount of tax for state purposes levied
10 by the department, among the several counties, in proportion to the
11 assessed valuation of the taxable property of the county for the year
12 as equalized by the department: PROVIDED, That for purposes of this
13 apportionment, the department shall recompute the previous year's levy
14 and the apportionment thereof to correct for changes and errors in
15 taxable values reported to the department after October 1 of the
16 preceding year and shall adjust the apportioned amount of the current
17 year's state levy for each county by the difference between the
18 apportioned amounts established by the original and revised levy
19 computations for the previous year. For purposes of this section,
20 changes in taxable values mean a final adjustment made by a county
21 board of equalization, the state board of tax appeals, or a court of
22 competent jurisdiction and shall include additions of omitted property,
23 other additions or deletions from the assessment or tax rolls, any
24 assessment return provided by a county to the department subsequent to
25 December 1st, or a change in the indicated ratio of a county. Errors
26 in taxable values mean errors corrected by a final reviewing body.

27 In addition to computing a levy under this subsection (~~that is~~
28 ~~reduced under RCW 84.55.012~~)), the department shall compute a
29 hypothetical levy at the rate authorized in RCW 84.52.065 without
30 regard to (~~the~~) any reduction (~~under RCW 84.55.012~~) or restriction
31 otherwise provided by law. This hypothetical levy shall also be
32 apportioned among the several counties in proportion to the valuation
33 of the taxable property of the county for the year, as equalized by the
34 department, in the same manner as the actual levy and shall be used by
35 the county assessors for the purpose of recomputing and establishing a
36 consolidated levy under RCW 84.52.010.

37 In computing the levy under this subsection, the department shall
38 include the value of any property exempted under section 1 of this act.

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

5 (4) After the completion of the duties prescribed in this section,
6 the director of the department shall certify the record of the
7 proceedings of the department under this section, the tax levies made
8 for state purposes and the apportionment thereof among the counties,
9 and the certification shall be available for public inspection.

10 **Sec. 3.** RCW 84.52.010 and 1995 2nd sp.s. c 13 s 4 are each amended
11 to read as follows:

12 Except as is permitted under RCW 84.55.050, all taxes shall be
13 levied or voted in specific amounts.

14 The rate percent of all taxes for state and county purposes, and
15 purposes of taxing districts coextensive with the county, shall be
16 determined, calculated and fixed by the county assessors of the
17 respective counties, within the limitations provided by law, upon the
18 assessed valuation of the property of the county, as shown by the
19 completed tax rolls of the county, and the rate percent of all taxes
20 levied for purposes of taxing districts within any county shall be
21 determined, calculated and fixed by the county assessors of the
22 respective counties, within the limitations provided by law, upon the
23 assessed valuation of the property of the taxing districts
24 respectively.

25 When a county assessor finds that the aggregate rate of tax levy on
26 any property, that is subject to the limitations set forth in RCW
27 84.52.043 or 84.52.050, exceeds the limitations provided in either of
28 these sections, the assessor shall recompute and establish a
29 consolidated levy in the following manner:

30 (1) The full certified rates of tax levy for state, county, county
31 road district, and city or town purposes shall be extended on the tax
32 rolls in amounts not exceeding the limitations established by law;
33 however any state levy shall take precedence over all other levies and
34 shall not be reduced for any purpose other than that required by RCW
35 84.55.010. If, as a result of the levies imposed under RCW 84.52.069,
36 84.34.230, the portion of the levy by a metropolitan park district that
37 was protected under RCW 84.52.120, and 84.52.105, the combined rate of
38 regular property tax levies that are subject to the one percent

1 limitation exceeds one percent of the true and fair value of any
2 property, then these levies shall be reduced as follows: (a) The
3 portion of the levy by a metropolitan park district that is protected
4 under RCW 84.52.120 shall be reduced until the combined rate no longer
5 exceeds one percent of the true and fair value of any property or shall
6 be eliminated; (b) if the combined rate of regular property tax levies
7 that are subject to the one percent limitation still exceeds one
8 percent of the true and fair value of any property, then the levies
9 imposed under RCW 84.34.230, 84.52.105, and any portion of the levy
10 imposed under RCW 84.52.069 that is in excess of thirty cents per
11 thousand dollars of assessed value, shall be reduced on a pro rata
12 basis until the combined rate no longer exceeds one percent of the true
13 and fair value of any property or shall be eliminated; and (c) if the
14 combined rate of regular property tax levies that are subject to the
15 one percent limitation still exceeds one percent of the true and fair
16 value of any property, then the thirty cents per thousand dollars of
17 assessed value of tax levy imposed under RCW 84.52.069 shall be reduced
18 until the combined rate no longer exceeds one percent of the true and
19 fair value of any property or eliminated.

20 (2) The certified rates of tax levy subject to these limitations by
21 all junior taxing districts imposing taxes on such property shall be
22 reduced or eliminated as follows to bring the consolidated levy of
23 taxes on such property within the provisions of these limitations:

24 (a) First, the certified property tax levy rates of those junior
25 taxing districts authorized under RCW 36.68.525, 36.69.145, and
26 67.38.130 shall be reduced on a pro rata basis or eliminated;

27 (b) Second, if the consolidated tax levy rate still exceeds these
28 limitations, the certified property tax levy rates of flood control
29 zone districts shall be reduced on a pro rata basis or eliminated;

30 (c) Third, if the consolidated tax levy rate still exceeds these
31 limitations, the certified property tax levy rates of all other junior
32 taxing districts, other than fire protection districts, library
33 districts, the first fifty cent per thousand dollars of assessed
34 valuation levies for metropolitan park districts, and the first fifty
35 cent per thousand dollars of assessed valuation levies for public
36 hospital districts, shall be reduced on a pro rata basis or eliminated;

37 (d) Fourth, if the consolidated tax levy rate still exceeds these
38 limitations, the certified property tax levy rates authorized to fire

1 protection districts under RCW 52.16.140 and 52.16.160 shall be reduced
2 on a pro rata basis or eliminated; and

3 (e) Fifth, if the consolidated tax levy rate still exceeds these
4 limitations, the certified property tax levy rates authorized for fire
5 protection districts under RCW 52.16.130, library districts,
6 metropolitan park districts under their first fifty cent per thousand
7 dollars of assessed valuation levy, and public hospital districts under
8 their first fifty cent per thousand dollars of assessed valuation levy,
9 shall be reduced on a pro rata basis or eliminated.

10 In determining whether the aggregate rate of tax levy on any
11 property, that is subject to the limitations set forth in RCW
12 84.52.050, exceeds the limitations provided in that section, the
13 assessor shall use the hypothetical state levy, as apportioned to the
14 county under RCW 84.48.080, that was computed under RCW 84.48.080
15 without regard to ~~((the))~~ any reduction ~~((under RCW 84.55.012))~~ or
16 restriction otherwise provided by law.

17 NEW SECTION. **Sec. 4.** This act applies to taxes levied for
18 collection in 2003 and every year thereafter.

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