

SENATE BILL REPORT

SB 5425

As of January 27, 2009

Title: An act relating to requiring certain property tax revaluations when property values have decreased.

Brief Description: Requiring certain property tax revaluations when property values have decreased.

Sponsors: Senators Parlette, Sheldon, Becker, Marr, Holmquist and Benton.

Brief History:

Committee Activity: Ways & Means: 1/28/09.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: Article 7, Section 1 of the State Constitution provides that all taxes must be uniform on the same class of property. This means that taxes must be the same on property of the same value and requires both an equal rate and equality in valuing the property taxed. Further, assessed value must be equal to 100 percent of the fair market value of the property, unless the property qualifies under a special tax relief program.

Property subject to property tax is assessed at its true and fair value. In most cases, this is the market value in the property's highest and best use. The values are set as of January 1. These values are used for determining property bills to be collected in the following year.

County assessors establish new assessed values on a regular revaluation cycle. The length of revaluation cycles vary by county. Seventeen counties revalue every four years, one county uses a three-year revaluation cycle and one county is on a two-year schedule. For these counties a proportionate share of the county is revalued during each year of the cycle. Individual property values are not changed during the intervening years of the revaluation cycle. Twenty counties are on a program of annual updates. Values are adjusted annually based on market value statistical data.

Summary of Bill: The bill as referred to committee not considered.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill (Proposed Substitute): When the value of property within a county, that values property on a multiyear schedule, drops by more than 10 percent in a given year, all properties in the county must be revalued in the following year. The determination of the change in property value for a county is determined using median home price market data from the Washington State University Center for Real Estate Research.

Appropriation: None.

Fiscal Note: Requested on January 21, 2009.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.