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HOUSE BILL 1905

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State of Washington                      64th Legislature                      2015 Regular Session

By Representatives Klippert, Haler, and Buys

Read first time 02/02/15. Referred to Committee on State Government.

1            AN ACT Relating to government ownership of vacant or undeveloped  
2 land for extended periods of time; amending RCW 84.40.045 and  
3 84.40.175; adding a new section to chapter 82.02 RCW; and adding a  
4 new chapter to Title 42 RCW.

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

6            NEW SECTION.    **Sec. 1.**    The definitions in this section apply  
7 throughout this chapter unless the context clearly requires  
8 otherwise.

9            (1) "Master real estate plan" or "plan" means a plan of a public  
10 agency for the timely use or disposal of vacant or otherwise  
11 undeveloped properties that were obtained through transfers,  
12 intergovernmental exchanges, gifts, foreclosures, or other nonpayment  
13 methods.

14            (2) "Public agency" means:

15            (a) Any state board, commission, committee, department,  
16 educational institution, or other state agency created by or pursuant  
17 to statute, other than courts and the legislature; and

18            (b) Any county, city, school district, special purpose district,  
19 or other municipal corporation or political subdivision of the state  
20 of Washington.

1        NEW SECTION.    **Sec. 2.**    (1) By December 31, 2015, each public  
2 agency that owns vacant or otherwise undeveloped property that was  
3 obtained through transfers, intergovernmental exchanges, gifts,  
4 foreclosures, or other nonpayment methods must develop a list of  
5 these properties, by parcel number.

6        (2)(a) By July 1, 2016, the public agencies subject to subsection  
7 (1) of this section must develop, adopt, and implement a master real  
8 estate plan to use or dispose of the properties on the list. For each  
9 property, the plan must:

10        (i) Identify the actual or estimated date of the property  
11 acquisition. If the date of acquisition cannot be determined but is  
12 evidenced to have occurred before January 1, 2003, the plan must note  
13 that the property was acquired on an unknown date before January 1,  
14 2003;

15        (ii) Describe the use or application of the property as of the  
16 date of the list;

17        (iii) Include the dollar amount and year of the property tax  
18 assessments for the three most recent years in which the land was  
19 privately owned, if known; and

20        (iv) Include a detailed description of what the property is to be  
21 used for and, if it is to be retained by the public agency, when it  
22 is to be used.

23        (b) Except as provided otherwise by this subsection (2)(b), the  
24 plan may not allow for a property owned by the public agency to be  
25 vacant or otherwise undeveloped for five years beyond the adoption of  
26 the plan for the specified property, or five years beyond the date  
27 the property becomes property of the agency, whichever is later.  
28 Properties used for environmental mitigation may, at the public  
29 agency's discretion, be exempted from the five-year limits  
30 established by this subsection (2)(b) and associated payment in lieu  
31 of tax requirements established in section 4 of this act. A public  
32 agency using the exemption authorized by this subsection (2)(b) must  
33 submit a declaration of the exemption for the property, identifying  
34 the parcel or parcels subject to the exemption and signed by the  
35 executive director of the agency, to the applicable county assessor.

36        (3) The plan required by this section must be reviewed and, if  
37 necessary, revised every two years. Public agencies that obtain  
38 vacant or otherwise undeveloped properties through transfers,  
39 intergovernmental exchanges, gifts, foreclosures, or other nonpayment

1 methods after the initial adoption of the agency's plan must, for  
2 each property, comply with subsection (2) of this section.

3 NEW SECTION. **Sec. 3.** (1) The master real estate plan required  
4 by section 2 of this act must provide a specific use for each  
5 property that is consistent with the authority and objectives of the  
6 public agency. Except as provided otherwise by subsections (2) and  
7 (3) of this section, if the property remains vacant or otherwise  
8 undeveloped five years after the adoption of the plan, or five years  
9 after the date the property becomes property of the public agency,  
10 whichever is later, the public agency is responsible for payments on  
11 the property under section 4 of this act.

12 (2) Properties used for environmental mitigation may, at the  
13 public agency's discretion and in accordance with section 2 of this  
14 act, be exempted from the five-year limits established by this  
15 section and associated payment in lieu of tax requirements  
16 established in section 4 of this act.

17 (3)(a) A property subject to the requirements of this section and  
18 section 2 of this act that was offered for public auction or sale by  
19 a public agency during the prior year but that did not sell due to  
20 unique characteristics of the property that make the sale and  
21 economic use of the land infeasible may be exempted from the five-  
22 year limits established in this section and associated payment in  
23 lieu of tax requirements established in section 4 of this act. An  
24 exemption under this subsection (3)(a) may occur only if: The public  
25 agency petitions the department for a waiver from the requirements of  
26 section 4 of this act; and the department grants the waiver. A waiver  
27 must be granted by the department under this section for a five-year  
28 term if the department determines that the waiver request is  
29 consistent with the provisions of this subsection (3)(a).

30 (b) For purposes of this subsection (3), "department" means the  
31 department of revenue.

32 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.02  
33 RCW to read as follows:

34 (1) By April 30th of the first year in which a payment is  
35 required in accordance with section 3 of this act, and April 30th of  
36 each year thereafter, a public agency must submit a payment in lieu  
37 of tax as provided in this section. The payment applies to property  
38 included on a master real estate plan if: (a) The property has been

1 owned by the public agency for at least five years as of January 1st  
2 of the current year; and (b) the property has remained vacant or  
3 otherwise undeveloped for at least five years while owned by the  
4 public agency. No payment is due under this section for properties  
5 that have been exempted from time limitations in accordance with  
6 section 3 (2) or (3) of this act.

7 (2) The amount of the payment is equal to the assessed value of  
8 the property multiplied by the total state and local property tax  
9 rate that would otherwise apply to the property if not for the  
10 exemption under RCW 84.36.010.

11 (3) The payment under subsection (1) of this section must be  
12 submitted to the county treasurer in which the property is located.  
13 The treasurer must distribute the money to local jurisdictions within  
14 which the property is located based on population, excluding the  
15 public agency owning the property.

16 (4) For the purposes of this section, "master real estate plan"  
17 and "public agency" have the same meanings as provided in section 1  
18 of this act.

19 **Sec. 5.** RCW 84.40.045 and 2013 c 235 s 1 are each amended to  
20 read as follows:

21 (1) The assessor must give notice of any change in the true and  
22 fair value of real property for the tract or lot of land and any  
23 improvements thereon no later than thirty days after appraisal.  
24 However, no such notice may be mailed during the period from January  
25 15th to February 15th of each year. Furthermore, no notice need be  
26 sent with respect to changes in valuation of publicly owned property  
27 exempt from taxation under provisions of RCW 84.36.010 or of forest  
28 land made pursuant to chapter 84.33 RCW.

29 (2) The notice must contain a statement of both the prior and the  
30 new true and fair value, stating separately land and improvement  
31 values, and a brief statement of the procedure for appeal to the  
32 board of equalization and the time, date, and place of the meetings  
33 of the board.

34 (3) The notice must be mailed by the assessor to the taxpayer.

35 (4) If any taxpayer, as shown by the tax rolls, holds solely a  
36 security interest in the real property which is the subject of the  
37 notice, pursuant to a mortgage, contract of sale, or deed of trust,  
38 such taxpayer must, upon written request of the assessor, supply,  
39 within thirty days of receipt of such request, to the assessor the

1 name and address of the person making payments pursuant to the  
2 mortgage, contract of sale, or deed of trust, and thereafter such  
3 person must also receive a copy of the notice provided for in this  
4 section. Willful failure to comply with such request within the time  
5 limitation provided for in this section makes such taxpayer subject  
6 to a maximum civil penalty of five thousand dollars. The penalties  
7 provided for in this section are recoverable in an action by the  
8 county prosecutor, and when recovered must be deposited in the county  
9 current expense fund. The assessor must make the request provided for  
10 by this section during the month of January.

11 (5) A public agency subject to the payment under section 4 of  
12 this act must notify the assessor. Notwithstanding subsection (1) of  
13 this section, the assessor must provide notice to a public agency  
14 subject to the payment under section 4 of this act.

15 **Sec. 6.** RCW 84.40.175 and 2014 c 97 s 408 are each amended to  
16 read as follows:

17 At the time of making the assessment of real property, the  
18 assessor must enter each description of property exempt under the  
19 provisions of chapter 84.36 RCW, and value and list the same in the  
20 manner and subject to the same rule as the assessor is required to  
21 assess all other property, designating in each case to whom such  
22 property belongs. The valuation requirements of this section do not  
23 apply to publicly owned property exempt from taxation under  
24 provisions of RCW 84.36.010, except for property subject to the  
25 payment required under section 4 of this act. However, when the  
26 exempt status of such property no longer applies as a result of a  
27 sale or change in use, the assessor must value and list such property  
28 as of the January 1st assessment date for the year of the status  
29 change. The owner or person responsible for payment of taxes may  
30 thereafter petition the county board of equalization for a change in  
31 the assessed value in accordance with the timing and procedures set  
32 forth in RCW 84.40.038.

33 NEW SECTION. **Sec. 7.** Sections 1 through 3 of this act  
34 constitute a new chapter in Title 42 RCW.

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