
SUBSTITUTE SENATE BILL 6775

State of Washington

54th Legislature

1996 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Sutherland, Swecker, Haugen, Quigley, Wojahn, Goings, Spanel, Rasmussen, Fraser and Kohl)

Read first time 03/07/96.

1 AN ACT Relating to property tax relief for destroyed property;
2 adding a new chapter to Title 84 RCW; creating a new section; making an
3 appropriation; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** Unless the context clearly requires
6 otherwise, the definitions in this section apply throughout this
7 chapter.

8 (1) "Claimant" means a person who elects to defer payment of the
9 special assessments or real property taxes accrued on the claimant's
10 property by filing a declaration to defer as provided by this chapter.

11 (2) "Department" means the department of revenue.

12 (3) "Real property taxes" means ad valorem property taxes levied on
13 the property in this state in the preceding calendar year.

14 (4) "Special assessment" means the charge or obligation imposed by
15 a city, town, county, or other municipal corporation upon property
16 specially benefited by a local improvement, including assessments under
17 chapters 35.44, 36.88, 36.94, 53.08, 54.16, 56.20, 57.16, 86.09, and
18 87.03 RCW and any other relevant chapter.

1 NEW SECTION. **Sec. 2.** A claimant may defer payment of either
2 special assessments or real property taxes, or both, on property that
3 is destroyed in whole or in part during the year, or is in an area that
4 has been declared a disaster area by the governor and has been reduced
5 in value by more than twenty percent as a result of a natural disaster
6 in the year, if the following conditions are met:

7 (1) The claimant must have owned, at the time of filing, the
8 property on which the special assessment or real property taxes have
9 been imposed. For purposes of this subsection, a property owned by a
10 marital community or owned by cotenants shall be deemed to be owned by
11 each spouse or cotenant. A claimant who has only a share ownership in
12 cooperative housing, a life estate, a lease for life, or a revocable
13 trust does not satisfy the ownership requirement.

14 (2) The claimant must have and keep in force fire and casualty
15 insurance in sufficient amount to protect the interest of the state.
16 If the claimant fails to keep fire and casualty insurance in force to
17 the extent of the state's interest, the amount deferred shall not
18 exceed one hundred percent of the claimant's equity value in the land
19 or lot only.

20 NEW SECTION. **Sec. 3.** (1) Each claimant electing to defer payment
21 of special assessments or real property tax obligations under this
22 chapter shall file with the county assessor, on forms prescribed by the
23 department and supplied by the assessor, a written declaration thereof.
24 The declaration to defer shall be filed no later than thirty days
25 before the tax or assessment is due. However, for good cause shown,
26 the department may waive this requirement.

27 (2) The declaration shall designate the property to which the
28 deferral applies and shall include a statement setting forth any
29 relevant information required by the rules of the department. Each
30 copy shall be signed by the claimant subject to the penalties as
31 provided in chapter 9A.72 RCW for false swearing.

32 (3) The county assessor shall determine if each claimant shall be
33 granted a deferral for each year but the claimant shall have the right
34 to appeal this determination to the county board of equalization whose
35 decision shall be final as to the deferral of that year.

36 NEW SECTION. **Sec. 4.** If the claimant is unable to make his or her
37 own declaration of deferral, it may be made by a duly authorized agent

1 or by a guardian or other person charged with care of the person or
2 property of such claimant.

3 NEW SECTION. **Sec. 5.** If any property is under mortgage or
4 purchase contract requiring accumulation of reserves out of which the
5 holder of the mortgage or contract is required to pay real estate
6 taxes, the holder shall cosign the declaration of deferral either
7 before a notary public or the county assessor or his or her deputy in
8 the county where the real property is located.

9 NEW SECTION. **Sec. 6.** Whenever a person's special assessment or
10 real property tax obligation is deferred under the provisions of this
11 chapter, the amount deferred and required to be paid under section 9 of
12 this act shall become a lien in favor of the state upon his or her
13 property and shall have priority as provided in chapters 35.50 and
14 84.60 RCW. However, the interest of a mortgage or purchase contract
15 holder who is required to cosign a declaration of deferral under
16 section 5 of this act shall have priority to the deferred lien. This
17 lien shall bear interest at the rate of eight percent per year from the
18 time it could have been paid before delinquency until paid. In the
19 case of a mobile home, the department of licensing shall show the
20 state's lien on the certificate of ownership for the mobile home. In
21 the case of all other property, the department of revenue shall file a
22 notice of the deferral with the county recorder or auditor.

23 NEW SECTION. **Sec. 7.** The county assessor shall:

24 (1) Immediately transmit one copy of each declaration to defer to
25 the department. The department may audit any declaration and shall
26 notify the assessor as soon as possible of any claim where any factor
27 appears to disqualify the claimant for the deferral sought.

28 (2) Transmit one copy of each declaration to defer a special
29 assessment to the local improvement district that imposed such
30 assessment.

31 (3) Compute the dollar tax rate for the county as if any deferrals
32 provided by this chapter did not exist.

33 (4) As soon as possible notify the department and the county
34 treasurer of the amount of real property taxes deferred for that year
35 and notify the department and the respective treasurers of municipal

1 corporations of the amount of special assessments deferred for each
2 local improvement district within such unit.

3 NEW SECTION. **Sec. 8.** After receipt of the notification from the
4 county assessor of the amount of deferred special assessments or real
5 property taxes, the department shall pay, from amounts appropriated for
6 that purpose, to the treasurers of such municipal corporations the
7 amounts, equivalent to the amount of special assessments or real
8 property taxes deferred, to be distributed to the local improvement or
9 taxing districts that levied the special assessments or taxes so
10 deferred.

11 NEW SECTION. **Sec. 9.** Special assessments and real property tax
12 obligations deferred under this chapter shall become payable together
13 with interest as provided in section 6 of this act:

14 (1) On January 2nd of the third year following the year for which
15 the special assessments or real property taxes are deferred;

16 (2) Upon the sale of property which has a deferred special
17 assessment or real property tax lien upon it;

18 (3) Upon the death of the claimant with an outstanding deferred
19 special assessment or real property tax lien, except as provided in
20 section 11 of this act;

21 (4) Upon the condemnation of property with a deferred special
22 assessment or real property tax lien upon it by a public or private
23 body exercising eminent domain power, except as otherwise provided in
24 RCW 84.60.070; or

25 (5) Upon failure of the condition in section 2(2) of this act.

26 NEW SECTION. **Sec. 10.** (1) The county treasurer shall collect all
27 the amounts deferred together with interest under this chapter, in the
28 manner provided for in chapter 84.56 RCW. For purposes of collection
29 of deferred taxes, chapters 84.56, 84.60, and 84.64 RCW apply.

30 (2) When any deferred special assessment or real property taxes
31 together with interest are collected, the moneys shall be credited to
32 a special account in the county treasury. The county treasurer shall
33 remit the amount of deferred special assessment or real property taxes
34 together with interest to the department within thirty days from the
35 date of collection.

1 (3) The department shall deposit the deferred taxes in the state
2 general fund.

3 NEW SECTION. **Sec. 11.** (1) A surviving spouse of the claimant or
4 a cotenant may elect to continue the property in its deferred tax
5 status, but not later than January 2nd of the third year following the
6 year for which the special assessments or real property taxes were
7 deferred.

8 (2) The election under this section to continue the property in its
9 deferred status shall be filed in the same manner as an original claim
10 for deferral is filed under this chapter, but not later than ninety
11 days after the date of the claimant's death.

12 NEW SECTION. **Sec. 12.** The department shall design forms and adopt
13 rules under chapter 34.05 RCW as shall be necessary or desirable to
14 administer this chapter.

15 NEW SECTION. **Sec. 13.** The state treasurer shall transfer the sum
16 of five million seven hundred forty thousand dollars from the general
17 fund to the flood victims' relief account, hereby created in the state
18 treasury. Moneys in the account may be spent only after appropriation.
19 Expenditures from the account may be used only for appropriations to
20 the department of revenue to reimburse local improvement and taxing
21 districts under section 8 of this act.

22 NEW SECTION. **Sec. 14.** The sum of five million seven hundred forty
23 thousand dollars, or as much thereof as may be necessary, is
24 appropriated for the biennium ending June 30, 1997, from the flood
25 victims' relief account to the department of revenue to reimburse local
26 improvement and taxing districts under section 8 of this act.

27 NEW SECTION. **Sec. 15.** Sections 1 through 12 of this act shall
28 constitute a new chapter in Title 84 RCW.

29 NEW SECTION. **Sec. 16.** This act is necessary for the immediate
30 preservation of the public peace, health, or safety, or support of the

1 state government and its existing public institutions, and shall take
2 effect immediately.

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