
SENATE BILL 6775

State of Washington

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By Senators Sutherland, Swecker, Haugen, Quigley, Wojahn, Goings, Spanel, Rasmussen, Fraser and Kohl

Read first time 02/19/96. Referred to Committee on Ways & Means.

1 AN ACT Relating to property tax relief for destroyed property;
2 adding a new chapter to Title 84 RCW; making an appropriation; and
3 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 either elects to defer payment of
9 the special assessments or real property taxes accrued on the
10 claimant's property by filing a declaration to defer as provided by
11 this chapter.

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

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

15 (4) "Special assessment" means the charge or obligation imposed by
16 a city, town, county, or other municipal corporation upon property
17 specially benefited by a local improvement, including assessments under
18 chapters 35.44, 36.88, 36.94, 53.08, 54.16, 56.20, 57.16, 86.09, and
19 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 reduced in value under chapter 84.70 RCW for the year if the
4 following conditions are met:

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

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

18 NEW SECTION. **Sec. 3.** A claimant electing to defer special
19 assessments or real property taxes under this chapter may receive a
20 refund of the special assessments or real property taxes paid for the
21 year by applying to the department under procedures adopted by rule by
22 the department.

23 NEW SECTION. **Sec. 4.** (1) Each claimant electing to defer payment
24 of special assessments or real property tax obligations under this
25 chapter shall file with the county assessor, on forms prescribed by the
26 department and supplied by the assessor, a written declaration thereof.
27 The declaration to defer shall be filed no later than thirty days
28 before the tax or assessment is due or thirty days after any reduction
29 in value under chapter 84.70 RCW, whichever is later. However, for
30 good cause shown, the department may waive this requirement.

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

36 (3) The county assessor shall determine if each claimant shall be
37 granted a deferral for each year but the claimant shall have the right

1 to appeal this determination to the county board of equalization whose
2 decision shall be final as to the deferral of that year.

3 NEW SECTION. **Sec. 5.** If the claimant is unable to make his or her
4 own declaration of deferral, it may be made by a duly authorized agent
5 or by a guardian or other person charged with care of the person or
6 property of such claimant.

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

13 NEW SECTION. **Sec. 7.** Whenever a person's special assessment or
14 real property tax obligation is deferred under the provisions of this
15 chapter, the amount deferred and required to be paid under section 10
16 of this act shall become a lien in favor of the state upon his or her
17 property and shall have priority as provided in chapters 35.50 and
18 84.60 RCW. However, the interest of a mortgage or purchase contract
19 holder who is required to cosign a declaration of deferral under
20 section 6 of this act shall have priority to the deferred lien. This
21 lien shall bear interest at the rate of eight percent per year from the
22 time it could have been paid before delinquency until paid or from the
23 date of refund for refunds under section 3 of this act until paid. In
24 the case of a mobile home, the department of licensing shall show the
25 state's lien on the certificate of ownership for the mobile home. In
26 the case of all other property, the department of revenue shall file a
27 notice of the deferral with the county recorder or auditor.

28 NEW SECTION. **Sec. 8.** The county assessor shall:

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

33 (2) Transmit one copy of each declaration to defer a special
34 assessment to the local improvement district that imposed such
35 assessment.

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

3 (4) As soon as possible notify the department and the county
4 treasurer of the amount of real property taxes deferred for that year
5 and notify the department and the respective treasurers of municipal
6 corporations of the amount of special assessments deferred for each
7 local improvement district within such unit.

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

16 NEW SECTION. **Sec. 10.** Special assessments and real property tax
17 obligations deferred under this chapter shall become payable together
18 with interest as provided in section 7 of this act:

19 (1) On January 1st of the third year following the year for which
20 the special assessments or real property taxes are deferred;

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

23 (3) Upon the death of the claimant with an outstanding deferred
24 special assessment or real property tax lien, except as provided in
25 section 12 of this act;

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

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

31 NEW SECTION. **Sec. 11.** (1) The county treasurer shall collect all
32 the amounts deferred together with interest under this chapter, in the
33 manner provided for in chapter 84.56 RCW. For purposes of collection
34 of deferred taxes, chapters 84.56, 84.60, and 84.64 RCW apply.

35 (2) When any deferred special assessment or real property taxes
36 together with interest are collected, the moneys shall be credited to

1 a special account in the county treasury. The county treasurer shall
2 remit the amount of deferred special assessment or real property taxes
3 together with interest to the department within thirty days from the
4 date of collection.

5 (3) The department shall deposit the deferred taxes in the state
6 general fund.

7 NEW SECTION. **Sec. 12.** (1) A surviving spouse of the claimant or
8 a cotenant may elect to continue the property in its deferred tax
9 status, but not later than January 1st of the third year following the
10 year for which the special assessments or real property taxes were
11 deferred.

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

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

19 NEW SECTION. **Sec. 14.** The sum of dollars, or as much
20 thereof as may be necessary, is appropriated from the general fund to
21 the department of revenue for the biennium ending June 30, 1997, to
22 carry out the purposes of this act.

23 NEW SECTION. **Sec. 15.** Sections 1 through 13 of this act shall
24 constitute a new chapter in Title 84 RCW.

25 NEW SECTION. **Sec. 16.** This act is necessary for the immediate
26 preservation of the public peace, health, or safety, or support of the
27 state government and its existing public institutions, and shall take
28 effect immediately.

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