

FINAL BILL REPORT

SHB 2273

C 8 L 99 E 1

Synopsis as Enacted

Brief Description: Changing provisions relating to taxation of destroyed property.

Sponsors: By House Committee on Finance (Originally sponsored by Representatives Haigh, Romero, Alexander, Hatfield, DeBolt, Eickmeyer, Wolfe, Rockefeller, Lovick, Lantz and Thomas).

House Committee on Finance
Senate Committee on Ways & Means

Background:

Property in Washington is subject to the property tax each year based on the property's value, unless specifically exempted by law. Property value is determined as of January 1 of the assessment year. Property taxes are paid in the following year based on this value.

Property that is (1) destroyed in whole or part, or (2) damaged in a natural disaster after the assessment date may be eligible for an adjustment in assessed value. The property damaged in a natural disaster must be reduced in value by 20 percent or more and be located in a Governor-designated disaster area.

The assessed value adjustment is equal to the value reduction due to the destruction multiplied by the proportion of time remaining in the year. For example, a property with \$50,000 of damage by a June flood would have an assessed value adjustment of \$25,000.

The assessed value adjustment reduces the property tax in the year following the damage. The property tax due in the year in which the damage occurs is not reduced.

Summary:

The property tax on property that is destroyed in whole or part is reduced for the year in which the destruction occurs. This provision applies to property taxes levied for collection in 1998 through 2004.

Property tax on property reduced by 20 percent in value by a natural disaster is reduced for the year in which the damage occurs. This provision applies to

Governor-declared disaster areas for taxes levied for collection in 1998 and 1999, and to federal disaster areas for property taxes levied for collection in 2000 through 2004.

The current year tax reduction is equal to the reduction in value due to the damage multiplied by the proportion of time remaining in the year multiplied by the tax rate. Taxes already paid are refunded and taxes not yet paid are abated.

The property tax for the year following the year of the destruction or disaster is also reduced. The assessed value for the taxes due in the year following is reduced by the full amount of the damage adjustment and is not adjusted for the amount of time remaining in the year. This change applies for taxes levied for collection in 2000 and thereafter.

Votes on Final Passage:

House 96 0

First Special Session

House 96 0

Senate 43 2

Effective: June 7, 1999