

SENATE BILL REPORT

SB 5026

As Reported By Senate Committee On:
Ways & Means, February 24, 2005

Title: An act relating to tax abatements for property damaged or destroyed by natural disasters.

Brief Description: Modifying tax abatement provisions.

Sponsors: Senators Regala, Honeyford, Fraser and Parlette.

Brief History:

Committee Activity: Ways & Means: 2/22/05, 2/24/05 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Doumit, Vice Chair; Fraser, Vice Chair; Brandland, Fairley, Kohl-Welles, Parlette, Pridemore, Rasmussen, Regala, Rockefeller, Schoesler and Thibaudeau.

Staff: Dean Carlson (786-7305)

Background: Property in the state 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. Generally changes in value that occur between the January 1 assessment date and the time the tax bill is calculated are not made.

Property that is destroyed in whole or part, or reduced in value as a result of 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. Under these circumstances the assessed value is equal to the value reduction due to the destruction or damage. The assessed value adjustment reduces the property tax in the following year. The property tax due in the year in which the destruction or damage occurs is not reduced.

For tax years 1998 through 2004, destroyed property or property damaged in certain disaster areas also received tax reductions during the year in which the destruction or damage occurred. The amount of the tax reduction was proportional to the time remaining in the year after the destruction or damage occurred.

Summary of Bill: Property that is destroyed and property reduced in value by 20 percent by a natural disaster after the assessment date may receive tax reductions during the year in which the destruction or damage occurred. The amount of the tax reduction is proportional to the time remaining in the year after the destruction or damage occurs. The natural disaster area no

longer needs to be declared by the Governor. The tax relief is not available for property that is destroyed or damaged voluntarily.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This is a good change because when damage occurs property tax relief is needed right away. This bill does not create a tax shift to other taxpayers. This proposal is fair as in after the earthquake many people were able to get immediate property tax relief.

Testimony Against: None.

Other: This bill should allow intentional demolition because the property usually gets improved to create more value after an intentional demolition.

Who Testified: PRO: Patricia Costello, Washington Association of County Assessors; Bruce Walker, Washington Association of County Assessors; Michelle Hagen, Washington Association of County Officials. OTHER: Terry Bow, Citizen.