

---

SENATE BILL 5845

---

State of Washington                      59th Legislature                      2005 Regular Session

By Senator Pridemore; by request of Department of Revenue

Read first time 02/09/2005. Referred to Committee on Ways & Means.

1            AN ACT Relating to the clarification of property tax statutes;  
2 amending RCW 84.33.140, 84.34.108, 84.52.020, 84.52.054, 84.52.070,  
3 84.55.010, 84.55.120, 84.56.440, 84.69.020, and 84.70.010; reenacting  
4 and amending RCW 84.52.010; creating a new section; and repealing RCW  
5 84.55.012, 84.55.0121, and 84.55.092.

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

7            **Sec. 1.** RCW 84.33.140 and 2003 c 170 s 5 are each amended to read  
8 as follows:

9            (1) When land has been designated as forest land under RCW  
10 84.33.130, a notation of the designation shall be made each year upon  
11 the assessment and tax rolls. A copy of the notice of approval  
12 together with the legal description or assessor's parcel numbers for  
13 the land shall, at the expense of the applicant, be filed by the  
14 assessor in the same manner as deeds are recorded.

15            (2) In preparing the assessment roll as of January 1, 2002, for  
16 taxes payable in 2003 and each January 1st thereafter, the assessor  
17 shall list each parcel of designated forest land at a value with  
18 respect to the grade and class provided in this subsection and adjusted  
19 as provided in subsection (3) of this section. The assessor shall

1 compute the assessed value of the land using the same assessment ratio  
2 applied generally in computing the assessed value of other property in  
3 the county. Values for the several grades of bare forest land shall be  
4 as follows:

5	LAND	OPERABILITY	VALUES
6	GRADE	CLASS	PER ACRE
7		1	\$234
8	1	2	229
9		3	217
10		4	157
11		1	198
12	2	2	190
13		3	183
14		4	132
15		1	154
16	3	2	149
17		3	148
18		4	113
19		1	117
20	4	2	114
21		3	113
22		4	86
23		1	85
24	5	2	78
25		3	77
26		4	52
27		1	43
28	6	2	39
29		3	39
30		4	37
31		1	21
32	7	2	21
33		3	20
34		4	20
35	8		1

1 (3) On or before December 31, 2001, the department shall adjust by  
2 rule under chapter 34.05 RCW, the forest land values contained in  
3 subsection (2) of this section in accordance with this subsection, and  
4 shall certify the adjusted values to the assessor who will use these  
5 values in preparing the assessment roll as of January 1, 2002. For the  
6 adjustment to be made on or before December 31, 2001, for use in the  
7 2002 assessment year, the department shall:

8 (a) Divide the aggregate value of all timber harvested within the  
9 state between July 1, 1996, and June 30, 2001, by the aggregate harvest  
10 volume for the same period, as determined from the harvester excise tax  
11 returns filed with the department under RCW 84.33.074; and

12 (b) Divide the aggregate value of all timber harvested within the  
13 state between July 1, 1995, and June 30, 2000, by the aggregate harvest  
14 volume for the same period, as determined from the harvester excise tax  
15 returns filed with the department under RCW 84.33.074; and

16 (c) Adjust the forest land values contained in subsection (2) of  
17 this section by a percentage equal to one-half of the percentage change  
18 in the average values of harvested timber reflected by comparing the  
19 resultant values calculated under (a) and (b) of this subsection.

20 (4) For the adjustments to be made on or before December 31, 2002,  
21 and each succeeding year thereafter, the same procedure described in  
22 subsection (3) of this section shall be followed using harvester excise  
23 tax returns filed under RCW 84.33.074. However, this adjustment shall  
24 be made to the prior year's adjusted value, and the five-year periods  
25 for calculating average harvested timber values shall be successively  
26 one year more recent.

27 (5) Land graded, assessed, and valued as forest land shall continue  
28 to be so graded, assessed, and valued until removal of designation by  
29 the assessor upon the occurrence of any of the following:

30 (a) Receipt of notice from the owner to remove the designation;

31 (b) Sale or transfer to an ownership making the land exempt from ad  
32 valorem taxation;

33 (c) Sale or transfer of all or a portion of the land to a new  
34 owner, unless the new owner has signed a notice of forest land  
35 designation continuance, except transfer to an owner who is an heir or  
36 devisee of a deceased owner, shall not, by itself, result in removal of  
37 designation. The signed notice of continuance shall be attached to the  
38 real estate excise tax affidavit provided for in RCW 82.45.150. The

1 notice of continuance shall be on a form prepared by the department.  
2 If the notice of continuance is not signed by the new owner and  
3 attached to the real estate excise tax affidavit, all compensating  
4 taxes calculated under subsection (11) of this section shall become due  
5 and payable by the seller or transferor at time of sale. The auditor  
6 shall not accept an instrument of conveyance regarding designated  
7 forest land for filing or recording unless the new owner has signed the  
8 notice of continuance or the compensating tax has been paid, as  
9 evidenced by the real estate excise tax stamp affixed thereto by the  
10 treasurer. The seller, transferor, or new owner may appeal the new  
11 assessed valuation calculated under subsection (11) of this section to  
12 the county board of equalization in accordance with the provisions of  
13 RCW 84.40.038. Jurisdiction is hereby conferred on the county board of  
14 equalization to hear these appeals;

15 (d) Determination by the assessor, after giving the owner written  
16 notice and an opportunity to be heard, that:

17 (i) The land is no longer primarily devoted to and used for growing  
18 and harvesting timber. However, land shall not be removed from  
19 designation if a governmental agency, organization, or other recipient  
20 identified in subsection (13) or (14) of this section as exempt from  
21 the payment of compensating tax has manifested its intent in writing or  
22 by other official action to acquire a property interest in the  
23 designated forest land by means of a transaction that qualifies for an  
24 exemption under subsection (13) or (14) of this section. The  
25 governmental agency, organization, or recipient shall annually provide  
26 the assessor of the county in which the land is located reasonable  
27 evidence in writing of the intent to acquire the designated land as  
28 long as the intent continues or within sixty days of a request by the  
29 assessor. The assessor may not request this evidence more than once in  
30 a calendar year;

31 (ii) The owner has failed to comply with a final administrative or  
32 judicial order with respect to a violation of the restocking, forest  
33 management, fire protection, insect and disease control, and forest  
34 debris provisions of Title 76 RCW or any applicable rules under Title  
35 76 RCW; or

36 (iii) Restocking has not occurred to the extent or within the time  
37 specified in the application for designation of such land.

1 (6) Land shall not be removed from designation if there is a  
2 governmental restriction that prohibits, in whole or in part, the owner  
3 from harvesting timber from the owner's designated forest land. If  
4 only a portion of the parcel is impacted by governmental restrictions  
5 of this nature, the restrictions cannot be used as a basis to remove  
6 the remainder of the forest land from designation under this chapter.  
7 For the purposes of this section, "governmental restrictions" includes:  
8 (a) Any law, regulation, rule, ordinance, program, or other action  
9 adopted or taken by a federal, state, county, city, or other  
10 governmental entity; or (b) the land's zoning or its presence within an  
11 urban growth area designated under RCW 36.70A.110.

12 (7) The assessor shall have the option of requiring an owner of  
13 forest land to file a timber management plan with the assessor upon the  
14 occurrence of one of the following:

- 15 (a) An application for designation as forest land is submitted; or
- 16 (b) Designated forest land is sold or transferred and a notice of  
17 continuance, described in subsection (5)(c) of this section, is signed.

18 (8) If land is removed from designation because of any of the  
19 circumstances listed in subsection (5)(a) through (c) of this section,  
20 the removal shall apply only to the land affected. If land is removed  
21 from designation because of subsection (5)(d) of this section, the  
22 removal shall apply only to the actual area of land that is no longer  
23 primarily devoted to the growing and harvesting of timber, without  
24 regard to any other land that may have been included in the application  
25 and approved for designation, as long as the remaining designated  
26 forest land meets the definition of forest land contained in RCW  
27 84.33.035.

28 (9) Within thirty days after the removal of designation as forest  
29 land, the assessor shall notify the owner in writing, setting forth the  
30 reasons for the removal. The seller, transferor, or owner may appeal  
31 the removal to the county board of equalization in accordance with the  
32 provisions of RCW 84.40.038.

33 (10) Unless the removal is reversed on appeal a copy of the notice  
34 of removal with a notation of the action, if any, upon appeal, together  
35 with the legal description or assessor's parcel numbers for the land  
36 removed from designation shall, at the expense of the applicant, be  
37 filed by the assessor in the same manner as deeds are recorded and a  
38 notation of removal from designation shall immediately be made upon the

1 assessment and tax rolls. The assessor shall revalue the land to be  
2 removed with reference to its true and fair value as of January 1st of  
3 the year of removal from designation. Both the assessed value before  
4 and after the removal of designation shall be listed. Taxes based on  
5 the value of the land as forest land shall be assessed and payable up  
6 until the date of removal and taxes based on the true and fair value of  
7 the land shall be assessed and payable from the date of removal from  
8 designation.

9 (11) Except as provided in subsection (5)(c), (13), or (14) of this  
10 section, a compensating tax shall be imposed on land removed from  
11 designation as forest land. The compensating tax shall be due and  
12 payable to the treasurer thirty days after the owner is notified of the  
13 amount of this tax. As soon as possible after the land is removed from  
14 designation, the assessor shall compute the amount of compensating tax  
15 and mail a notice to the owner of the amount of compensating tax owed  
16 and the date on which payment of this tax is due. The amount of  
17 compensating tax shall be equal to the difference between the amount of  
18 tax last levied on the land as designated forest land and an amount  
19 equal to the new assessed value of the land multiplied by the dollar  
20 rate of the last levy extended against the land, multiplied by a  
21 number, in no event greater than nine, equal to the number of years for  
22 which the land was designated as forest land, plus compensating taxes  
23 on the land at forest land values up until the date of removal and the  
24 prorated taxes on the land at true and fair value from the date of  
25 removal to the end of the current tax year.

26 (12) Compensating tax, together with applicable interest thereon,  
27 shall become a lien on the land which shall attach at the time the land  
28 is removed from designation as forest land and shall have priority to  
29 and shall be fully paid and satisfied before any recognizance,  
30 mortgage, judgment, debt, obligation, or responsibility to or with  
31 which the land may become charged or liable. The lien may be  
32 foreclosed upon expiration of the same period after delinquency and in  
33 the same manner provided by law for foreclosure of liens for delinquent  
34 real property taxes as provided in RCW 84.64.050. Any compensating tax  
35 unpaid on its due date shall thereupon become delinquent. From the  
36 date of delinquency until paid, interest shall be charged at the same  
37 rate applied by law to delinquent ad valorem property taxes.

1 (13) The compensating tax specified in subsection (11) of this  
2 section shall not be imposed if the removal of designation under  
3 subsection (5) of this section resulted solely from:

4 (a) Transfer to a government entity in exchange for other forest  
5 land located within the state of Washington;

6 (b) A taking through the exercise of the power of eminent domain,  
7 or sale or transfer to an entity having the power of eminent domain in  
8 anticipation of the exercise of such power;

9 (c) A donation of fee title, development rights, or the right to  
10 harvest timber, to a government agency or organization qualified under  
11 RCW 84.34.210 and 64.04.130 for the purposes enumerated in those  
12 sections, or the sale or transfer of fee title to a governmental entity  
13 or a nonprofit nature conservancy corporation, as defined in RCW  
14 64.04.130, exclusively for the protection and conservation of lands  
15 recommended for state natural area preserve purposes by the natural  
16 heritage council and natural heritage plan as defined in chapter 79.70  
17 RCW. At such time as the land is not used for the purposes enumerated,  
18 the compensating tax specified in subsection (11) of this section shall  
19 be imposed upon the current owner;

20 (d) The sale or transfer of fee title to the parks and recreation  
21 commission for park and recreation purposes;

22 (e) Official action by an agency of the state of Washington or by  
23 the county or city within which the land is located that disallows the  
24 present use of the land;

25 (f) The creation, sale, or transfer of forestry riparian easements  
26 under RCW 76.13.120;

27 (g) The creation, sale, or transfer of a fee interest or a  
28 conservation easement for the riparian open space program under RCW  
29 76.09.040; or

30 (h) The sale or transfer of land within two years after the death  
31 of the owner of at least a fifty percent interest in the land if the  
32 land has been assessed and valued as classified forest land, designated  
33 as forest land under this chapter, or classified under chapter 84.34  
34 RCW continuously since 1993. The date of death shown on a death  
35 certificate is the date used for the purposes of this subsection  
36 (13)(h)(~~or~~

37 ~~(i) The sale or transfer of land after the death of the owner of at~~  
38 ~~least a fifty percent interest in the land if the land has been~~

1 ~~assessed and valued as classified forest land, designated as forest~~  
2 ~~land under this chapter, or classified under chapter 84.34 RCW~~  
3 ~~continuously since 1993 and the sale or transfer takes place after July~~  
4 ~~22, 2001, and on or before July 22, 2003, and the death of the owner~~  
5 ~~occurred after January 1, 1991. The date of death shown on a death~~  
6 ~~certificate is the date used for the purposes of this subsection~~  
7 ~~(13)(i)).~~

8 (14) In a county with a population of more than one million  
9 inhabitants, the compensating tax specified in subsection (11) of this  
10 section shall not be imposed if the removal of designation as forest  
11 land under subsection (5) of this section resulted solely from:

12 (a) An action described in subsection (13) of this section; or

13 (b) A transfer of a property interest to a government entity, or to  
14 a nonprofit historic preservation corporation or nonprofit nature  
15 conservancy corporation, as defined in RCW 64.04.130, to protect or  
16 enhance public resources, or to preserve, maintain, improve, restore,  
17 limit the future use of, or otherwise to conserve for public use or  
18 enjoyment, the property interest being transferred. At such time as  
19 the property interest is not used for the purposes enumerated, the  
20 compensating tax shall be imposed upon the current owner.

21 **Sec. 2.** RCW 84.34.108 and 2003 c 170 s 6 are each amended to read  
22 as follows:

23 (1) When land has once been classified under this chapter, a  
24 notation of the classification shall be made each year upon the  
25 assessment and tax rolls and the land shall be valued pursuant to RCW  
26 84.34.060 or 84.34.065 until removal of all or a portion of the  
27 classification by the assessor upon occurrence of any of the following:

28 (a) Receipt of notice from the owner to remove all or a portion of  
29 the classification;

30 (b) Sale or transfer to an ownership, except a transfer that  
31 resulted from a default in loan payments made to or secured by a  
32 governmental agency that intends to or is required by law or regulation  
33 to resell the property for the same use as before, making all or a  
34 portion of the land exempt from ad valorem taxation;

35 (c) Sale or transfer of all or a portion of the land to a new  
36 owner, unless the new owner has signed a notice of classification  
37 continuance, except transfer to an owner who is an heir or devisee of

1 a deceased owner shall not, by itself, result in removal of  
2 classification. The notice of continuance shall be on a form prepared  
3 by the department. If the notice of continuance is not signed by the  
4 new owner and attached to the real estate excise tax affidavit, all  
5 additional taxes calculated pursuant to subsection (4) of this section  
6 shall become due and payable by the seller or transferor at time of  
7 sale. The auditor shall not accept an instrument of conveyance  
8 regarding classified land for filing or recording unless the new owner  
9 has signed the notice of continuance or the additional tax has been  
10 paid, as evidenced by the real estate excise tax stamp affixed thereto  
11 by the treasurer. The seller, transferor, or new owner may appeal the  
12 new assessed valuation calculated under subsection (4) of this section  
13 to the county board of equalization in accordance with the provisions  
14 of RCW 84.40.038. Jurisdiction is hereby conferred on the county board  
15 of equalization to hear these appeals;

16 (d) Determination by the assessor, after giving the owner written  
17 notice and an opportunity to be heard, that all or a portion of the  
18 land no longer meets the criteria for classification under this  
19 chapter. The criteria for classification pursuant to this chapter  
20 continue to apply after classification has been granted.

21 The granting authority, upon request of an assessor, shall provide  
22 reasonable assistance to the assessor in making a determination whether  
23 the land continues to meet the qualifications of RCW 84.34.020 (1) or  
24 (3). The assistance shall be provided within thirty days of receipt of  
25 the request.

26 (2) Land may not be removed from classification because of:

27 (a) The creation, sale, or transfer of forestry riparian easements  
28 under RCW 76.13.120; or

29 (b) The creation, sale, or transfer of a fee interest or a  
30 conservation easement for the riparian open space program under RCW  
31 76.09.040.

32 (3) Within thirty days after such removal of all or a portion of  
33 the land from current use classification, the assessor shall notify the  
34 owner in writing, setting forth the reasons for the removal. The  
35 seller, transferor, or owner may appeal the removal to the county board  
36 of equalization in accordance with the provisions of RCW 84.40.038.

37 (4) Unless the removal is reversed on appeal, the assessor shall  
38 revalue the affected land with reference to its true and fair value on

1 January 1st of the year of removal from classification. Both the  
2 assessed valuation before and after the removal of classification shall  
3 be listed and taxes shall be allocated according to that part of the  
4 year to which each assessed valuation applies. Except as provided in  
5 subsection (6) of this section, an additional tax, applicable interest,  
6 and penalty shall be imposed which shall be due and payable to the  
7 treasurer thirty days after the owner is notified of the amount of the  
8 additional tax. As soon as possible, the assessor shall compute the  
9 amount of additional tax, applicable interest, and penalty and the  
10 treasurer shall mail notice to the owner of the amount thereof and the  
11 date on which payment is due. The amount of the additional tax,  
12 applicable interest, and penalty shall be determined as follows:

13 (a) The amount of additional tax shall be equal to the difference  
14 between the property tax paid as "open space land", "farm and  
15 agricultural land", or "timber land" and the amount of property tax  
16 otherwise due and payable for the seven years last past had the land  
17 not been so classified;

18 (b) The amount of applicable interest shall be equal to the  
19 interest upon the amounts of the additional tax paid at the same  
20 statutory rate charged on delinquent property taxes from the dates on  
21 which the additional tax could have been paid without penalty if the  
22 land had been assessed at a value without regard to this chapter;

23 (c) The amount of the penalty shall be as provided in RCW  
24 84.34.080. The penalty shall not be imposed if the removal satisfies  
25 the conditions of RCW 84.34.070.

26 (5) Additional tax, applicable interest, and penalty, shall become  
27 a lien on the land which shall attach at the time the land is removed  
28 from classification under this chapter and shall have priority to and  
29 shall be fully paid and satisfied before any recognizance, mortgage,  
30 judgment, debt, obligation or responsibility to or with which the land  
31 may become charged or liable. This lien may be foreclosed upon  
32 expiration of the same period after delinquency and in the same manner  
33 provided by law for foreclosure of liens for delinquent real property  
34 taxes as provided in RCW 84.64.050 now or as hereafter amended. Any  
35 additional tax unpaid on its due date shall thereupon become  
36 delinquent. From the date of delinquency until paid, interest shall be  
37 charged at the same rate applied by law to delinquent ad valorem  
38 property taxes.

1 (6) The additional tax, applicable interest, and penalty specified  
2 in subsection (4) of this section shall not be imposed if the removal  
3 of classification pursuant to subsection (1) of this section resulted  
4 solely from:

5 (a) Transfer to a government entity in exchange for other land  
6 located within the state of Washington;

7 (b)(i) A taking through the exercise of the power of eminent  
8 domain, or (ii) sale or transfer to an entity having the power of  
9 eminent domain in anticipation of the exercise of such power, said  
10 entity having manifested its intent in writing or by other official  
11 action;

12 (c) A natural disaster such as a flood, windstorm, earthquake, or  
13 other such calamity rather than by virtue of the act of the landowner  
14 changing the use of the property;

15 (d) Official action by an agency of the state of Washington or by  
16 the county or city within which the land is located which disallows the  
17 present use of the land;

18 (e) Transfer of land to a church when the land would qualify for  
19 exemption pursuant to RCW 84.36.020;

20 (f) Acquisition of property interests by state agencies or agencies  
21 or organizations qualified under RCW 84.34.210 and 64.04.130 for the  
22 purposes enumerated in those sections. At such time as these property  
23 interests are not used for the purposes enumerated in RCW 84.34.210 and  
24 64.04.130 the additional tax specified in subsection (4) of this  
25 section shall be imposed;

26 (g) Removal of land classified as farm and agricultural land under  
27 RCW 84.34.020(2)(e);

28 (h) Removal of land from classification after enactment of a  
29 statutory exemption that qualifies the land for exemption and receipt  
30 of notice from the owner to remove the land from classification;

31 (i) The creation, sale, or transfer of forestry riparian easements  
32 under RCW 76.13.120;

33 (j) The creation, sale, or transfer of a fee interest or a  
34 conservation easement for the riparian open space program under RCW  
35 76.09.040; or

36 (k) The sale or transfer of land within two years after the death  
37 of the owner of at least a fifty percent interest in the land if the  
38 land has been assessed and valued as classified forest land, designated

1 as forest land under chapter 84.33 RCW, or classified under this  
2 chapter continuously since 1993. The date of death shown on a death  
3 certificate is the date used for the purposes of this subsection  
4 (6)(k)((~~i~~ or

5 ~~(1) The sale or transfer of land after the death of the owner of at~~  
6 ~~least a fifty percent interest in the land if the land has been~~  
7 ~~assessed and valued as classified forest land, designated as forest~~  
8 ~~land under chapter 84.33 RCW, or classified under this chapter~~  
9 ~~continuously since 1993 and the sale or transfer takes place after July~~  
10 ~~22, 2001, and on or before July 22, 2003, and the death of the owner~~  
11 ~~occurred after January 1, 1991. The date of death shown on a death~~  
12 ~~certificate is the date used for the purpose of this subsection~~  
13 ~~(6)(1)))).~~

14 **Sec. 3.** RCW 84.52.010 and 2004 c 129 s 21 and 2004 c 80 s 3 are  
15 each reenacted and amended to read as follows:

16 Except as is permitted under RCW 84.55.050, all taxes shall be  
17 levied or voted in specific amounts.

18 The rate percent of all taxes for state and county purposes, and  
19 purposes of taxing districts coextensive with the county, shall be  
20 determined, calculated and fixed by the county assessors of the  
21 respective counties, within the limitations provided by law, upon the  
22 assessed valuation of the property of the county, as shown by the  
23 completed tax rolls of the county, and the rate percent of all taxes  
24 levied for purposes of taxing districts within any county shall be  
25 determined, calculated and fixed by the county assessors of the  
26 respective counties, within the limitations provided by law, upon the  
27 assessed valuation of the property of the taxing districts  
28 respectively.

29 When a county assessor finds that the aggregate rate of tax levy on  
30 any property, that is subject to the limitations set forth in RCW  
31 84.52.043 or 84.52.050, exceeds the limitations provided in either of  
32 these sections, the assessor shall recompute and establish a  
33 consolidated levy in the following manner:

34 (1) The full certified rates of tax levy for state, county, county  
35 road district, and city or town purposes shall be extended on the tax  
36 rolls in amounts not exceeding the limitations established by law;  
37 however any state levy shall take precedence over all other levies and

1 shall not be reduced for any purpose other than that required by RCW  
2 84.55.010. If, as a result of the levies imposed under RCW 84.52.135,  
3 36.54.130, 84.52.069, 84.34.230, the portion of the levy by a  
4 metropolitan park district that was protected under RCW 84.52.120, and  
5 84.52.105, the combined rate of regular property tax levies that are  
6 subject to the one percent limitation exceeds one percent of the true  
7 and fair value of any property, then these levies shall be reduced as  
8 follows:

9 (a) The levy imposed by a county under RCW 84.52.135 must be  
10 reduced until the combined rate no longer exceeds one percent of the  
11 true and fair value of any property or must be eliminated;

12 (b) If the combined rate of regular property tax levies that are  
13 subject to the one percent limitation still exceeds one percent of the  
14 true and fair value of any property, the levy imposed by a ferry  
15 district under RCW 36.54.130 must be reduced until the combined rate no  
16 longer exceeds one percent of the true and fair value of any property  
17 or must be eliminated;

18 (c) If the combined rate of regular property tax levies that are  
19 subject to the one percent limitation still exceeds one percent of the  
20 true and fair value of any property, the portion of the levy by a  
21 metropolitan park district that is protected under RCW 84.52.120 shall  
22 be reduced until the combined rate no longer exceeds one percent of the  
23 true and fair value of any property or shall be eliminated;

24 (d) If the combined rate of regular property tax levies that are  
25 subject to the one percent limitation still exceeds one percent of the  
26 true and fair value of any property, then the levies imposed under RCW  
27 84.34.230, 84.52.105, and any portion of the levy imposed under RCW  
28 84.52.069 that is in excess of thirty cents per thousand dollars of  
29 assessed value, shall be reduced on a pro rata basis until the combined  
30 rate no longer exceeds one percent of the true and fair value of any  
31 property or shall be eliminated; and

32 (e) If the combined rate of regular property tax levies that are  
33 subject to the one percent limitation still exceeds one percent of the  
34 true and fair value of any property, then the thirty cents per thousand  
35 dollars of assessed value of tax levy imposed under RCW 84.52.069 shall  
36 be reduced until the combined rate no longer exceeds one percent of the  
37 true and fair value of any property or eliminated.

1 (2) The certified rates of tax levy subject to these limitations by  
2 all junior taxing districts imposing taxes on such property shall be  
3 reduced or eliminated as follows to bring the consolidated levy of  
4 taxes on such property within the provisions of these limitations:

5 (a) First, the certified property tax levy rates of those junior  
6 taxing districts authorized under RCW 36.68.525, 36.69.145, 35.95A.100,  
7 and 67.38.130 shall be reduced on a pro rata basis or eliminated;

8 (b) Second, if the consolidated tax levy rate still exceeds these  
9 limitations, the certified property tax levy rates of flood control  
10 zone districts shall be reduced on a pro rata basis or eliminated;

11 (c) Third, if the consolidated tax levy rate still exceeds these  
12 limitations, the certified property tax levy rates of all other junior  
13 taxing districts, other than fire protection districts, regional fire  
14 protection service authorities, library districts, the first fifty cent  
15 per thousand dollars of assessed valuation levies for metropolitan park  
16 districts, and the first fifty cent per thousand dollars of assessed  
17 valuation levies for public hospital districts, shall be reduced on a  
18 pro rata basis or eliminated;

19 (d) Fourth, if the consolidated tax levy rate still exceeds these  
20 limitations, the first fifty cent per thousand dollars of assessed  
21 valuation levies for metropolitan park districts created on or after  
22 January 1, 2002, shall be reduced on a pro rata basis or eliminated;

23 (e) Fifth, if the consolidated tax levy rate still exceeds these  
24 limitations, the certified property tax levy rates authorized (~~to~~  
25 ~~regional fire protection service authorities under RCW 52.26.140(1) (b)~~  
26 ~~and (c) and~~) for fire protection districts under RCW 52.16.140 and  
27 52.16.160 and regional fire protection service authorities under RCW  
28 52.26.140(1) (b) and (c) shall be reduced on a pro rata basis or  
29 eliminated; and

30 (f) Sixth, if the consolidated tax levy rate still exceeds these  
31 limitations, the certified property tax levy rates authorized for  
32 (~~regional fire protection service authorities under RCW~~  
33 ~~52.26.140(1)(a),~~) fire protection districts under RCW 52.16.130,  
34 regional fire protection service authorities under RCW 52.26.140(1)(a),  
35 library districts, metropolitan park districts created before January  
36 1, 2002, under their first fifty cent per thousand dollars of assessed  
37 valuation levy, and public hospital districts under their first fifty

1 cent per thousand dollars of assessed valuation levy, shall be reduced  
2 on a pro rata basis or eliminated.

3 **Sec. 4.** RCW 84.52.020 and 1994 c 81 s 85 are each amended to read  
4 as follows:

5 It shall be the duty of the city council or other governing body of  
6 every city, other than a city having a population of three hundred  
7 thousand or more, the board of directors of school districts of the  
8 first class, the superintendent of each educational service district  
9 for each constituent second class school district, commissioners of  
10 port districts, commissioners of metropolitan park districts, and of  
11 all officials or boards of taxing districts within or coextensive with  
12 any county required by law to certify to the county legislative  
13 authority, for the purpose of levying district taxes, budgets or  
14 estimates of the amounts to be raised by taxation on the assessed  
15 valuation of the property in the city or district, through their chair  
16 and clerk, or secretary, to make and file such certified budget or  
17 estimates with the clerk of the county legislative authority on or  
18 before the fifteenth day of November. However, if a statute specifies  
19 a date other than the fifteenth day of November by which a taxing  
20 district is required to file such information with the clerk of the  
21 county legislative authority, the budget or estimates of the amounts to  
22 be raised by taxation in the district shall be filed with the clerk on  
23 or before the date in that statute, rather than the fifteenth of  
24 November as provided in this section.

25 **Sec. 5.** RCW 84.52.054 and 1986 c 133 s 2 are each amended to read  
26 as follows:

27 The additional tax provided for in ~~((subparagraph (a) of the~~  
28 ~~seventeenth amendment to)) Article VII, section 2 of the state~~  
29 ~~Constitution ((as amended by Amendment 59 and as thereafter amended)),~~  
30 and specifically authorized by RCW 84.52.052, ~~((as now or hereafter~~  
31 ~~amended, and RCW)) 84.52.053 ~~((and))~~, 84.52.0531, and 84.52.130 shall  
32 be set forth in terms of dollars on the ballot of the proposition to be  
33 submitted to the voters, together with an estimate of the dollar rate  
34 of tax levy that will be required to produce the dollar amount; and the  
35 county assessor, in spreading this tax upon the rolls, shall determine  
36 the eventual dollar rate required to produce the amount of dollars so~~

1 voted upon, regardless of the estimate of dollar rate of tax levy  
2 carried in said proposition. In the case of a school district or fire  
3 protection district proposition for a particular period, the dollar  
4 amount and the corresponding estimate of the dollar rate of tax levy  
5 shall be set forth for each of the years in that period. The dollar  
6 amount for each annual levy in the particular period may be equal or in  
7 different amounts.

8 **Sec. 6.** RCW 84.52.070 and 1994 c 81 s 86 are each amended to read  
9 as follows:

10 It shall be the duty of the county legislative authority of each  
11 county, on or before the thirtieth day of November in each year, to  
12 certify to the county assessor of the county the amount of taxes levied  
13 upon the property in the county for county purposes, and the respective  
14 amounts of taxes levied by the board for each taxing district, within  
15 or coextensive with the county, for district purposes, and it shall be  
16 the duty of the council of each city having a population of three  
17 hundred thousand or more, and of the council of each town, and of all  
18 officials or boards of taxing districts within or coextensive with the  
19 county, authorized by law to levy taxes directly and not through the  
20 county legislative authority, on or before the thirtieth day of  
21 November in each year, to certify to the county assessor of the county  
22 the amount of taxes levied upon the property within the city, town, or  
23 district for city, town, or district purposes. However, the  
24 certification required under this section shall be delayed if a statute  
25 specifies a date other than the fifteenth day of November by which a  
26 taxing district is required to file a budget or estimates of the  
27 amounts to be raised by taxation in accordance with RCW 84.52.020. If  
28 a levy amount is not certified to the county assessor by the thirtieth  
29 day of November or by any other date statutorily specified, the county  
30 assessor shall use no more than the certified levy amount for the  
31 previous year for the taxing district: PROVIDED, That this shall not  
32 apply to the state levy or when the assessor has not certified assessed  
33 values as required by RCW 84.48.130 at least twelve working days prior  
34 to November 30th.

35 **Sec. 7.** RCW 84.55.010 and 1997 c 3 s 202 are each amended to read  
36 as follows:

1        (1) Except as provided in ((this chapter)) subsection (2) of this  
2 section, the levy for a taxing district in any year shall be set so  
3 that the regular property taxes payable in the following year shall not  
4 exceed the limit factor multiplied by the amount of regular property  
5 taxes lawfully levied for ((such)) the district in the highest of the  
6 three most recent years in which such taxes were levied for ((such))  
7 the district plus an additional dollar amount calculated by multiplying  
8 the increase in assessed value in that district resulting from new  
9 construction, improvements to property, and any increase in the  
10 assessed value of state-assessed property by the regular property tax  
11 levy rate of that district for the preceding year.

12        (2) The regular property tax levy for each taxing district other  
13 than the state may be set at the amount that would be allowed otherwise  
14 under this chapter if the regular property tax levy for the district  
15 for taxes due in prior years beginning with 1986 had been set at the  
16 full amount allowed under this chapter, including any levy authorized  
17 under RCW 52.16.160 that would have been imposed but for the limitation  
18 in RCW 52.18.065, applicable upon imposition of the benefit charge  
19 under chapter 52.18 RCW.

20        **Sec. 8.** RCW 84.55.120 and 1997 c 3 s 209 are each amended to read  
21 as follows:

22        A taxing district, other than the state, that collects regular  
23 levies shall hold a public hearing on revenue sources for the  
24 district's following year's current expense budget. The hearing must  
25 include consideration of possible increases in property tax revenues  
26 and shall be held prior to the time the taxing district levies the  
27 taxes or makes the request to have the taxes levied. The county  
28 legislative authority, or the taxing district's governing body if the  
29 district is a city, town, or other type of district, shall hold the  
30 hearing. For purposes of this section, "current expense budget" means  
31 that budget which is primarily funded by taxes and charges and reflects  
32 the provision of ongoing services. It does not mean the capital,  
33 enterprise, or special assessment budgets of cities, towns, counties,  
34 or special purpose districts.

35        If the taxing district is otherwise required to hold a public  
36 hearing on its proposed regular tax levy, a single public hearing may  
37 be held on this matter.

1       (~~No increase in property tax revenue,~~) Other than ((that)) the  
2 increase in property tax revenue resulting from the addition of new  
3 construction and improvements to property and any increase in the value  
4 of state-assessed property, (~~may be authorized by a~~) no taxing  
5 district, other than the state, may levy more than the limit factor  
6 specified in RCW 84.55.005 multiplied by the amount levied in the  
7 previous year except by adoption of a separate ordinance or resolution,  
8 pursuant to notice, specifically authorizing the increase over the  
9 amount levied in the previous year in terms of both dollars and  
10 percentage. The ordinance or resolution may cover a period of up to  
11 two years, but the ordinance shall specifically state for each year the  
12 dollar increase and percentage change in the levy from the previous  
13 year. An ordinance or resolution authorizing such an increase shall be  
14 on forms prescribed or approved by the department of revenue.

15       **Sec. 9.** RCW 84.56.440 and 1993 c 33 s 6 are each amended to read  
16 as follows:

17       (1) The department of revenue shall collect all ad valorem taxes  
18 upon ships and vessels listed with the department in accordance with  
19 RCW 84.40.065 and all applicable interest and penalties.

20       The taxes shall be due and payable to the department on or before  
21 the thirtieth day of April and shall be delinquent after that date.

22       (~~(2) ((If payment of the tax is not received by the department by~~  
23 ~~the due date, there shall be imposed a penalty of five percent of the~~  
24 ~~amount of the tax; and if the tax is not received within thirty days~~  
25 ~~after the due date, there shall be imposed a total penalty of ten~~  
26 ~~percent of the amount of the tax; and if the tax is not received within~~  
27 ~~sixty days after the due date, there shall be imposed a total penalty~~  
28 ~~of twenty percent of the amount of the tax. No penalty so added shall~~  
29 ~~be less than five dollars.~~

30       (~~3~~) Delinquent taxes under this section are subject to interest  
31 (~~at the rate~~) and penalties set forth in RCW 82.32.050 (~~from the~~  
32 ~~date of delinquency until paid~~) and 82.32.090. Interest or penalties  
33 collected on delinquent taxes under this section shall be paid by the  
34 department into the general fund of the state treasury.

35       (~~4~~) (3) If upon information obtained by the department it  
36 appears that any ship or vessel required to be listed according to the  
37 provisions of RCW 84.40.065 is not so listed, the department shall

1 value the ship or vessel and assess against the owner of the vessel the  
2 taxes found to be due and shall add thereto interest at the rate set  
3 forth in RCW 82.32.050 from the original due date of the tax until the  
4 date of payment. The department shall notify the vessel owner by mail  
5 of the amount and the same shall become due and shall be paid by the  
6 vessel owner within thirty days of the date of the notice. If payment  
7 is not received by the department by the due date specified in the  
8 notice, the department shall add a penalty of ten percent of the tax  
9 found due. A person who willfully gives a false listing or willfully  
10 fails to list a ship or vessel as required by RCW 84.40.065 shall be  
11 subject to the penalty imposed by RCW 84.40.130(2), which shall be  
12 assessed and collected by the department.

13 ~~((+5))~~ (4) Delinquent taxes under this section, along with all  
14 penalties and interest thereon, shall be collected by the department  
15 according to the procedures set forth in chapter 82.32 RCW for the  
16 filing and execution of tax warrants, including the imposition of  
17 warrant interest. ~~((In the event a warrant is issued by the department  
18 for the collection of taxes under this section, the department shall  
19 add a penalty of five percent of the amount of the delinquent tax, but  
20 not less than ten dollars.~~

21 ~~(6) The department shall also collect all delinquent taxes  
22 pertaining to ships and vessels appearing on the records of the county  
23 treasurers for each of the counties of this state as of December 31,  
24 1993, including any applicable interest or penalties. The provisions  
25 of subsection (5) of this section shall apply to the collection of such  
26 delinquent taxes.)~~

27 **Sec. 10.** RCW 84.69.020 and 2002 c 168 s 11 are each amended to  
28 read as follows:

29 On the order of the county treasurer, ad valorem taxes paid before  
30 or after delinquency shall be refunded if they were:

- 31 (1) Paid more than once;
- 32 (2) Paid as a result of manifest error in description;
- 33 (3) Paid as a result of a clerical error in extending the tax  
34 rolls;
- 35 (4) Paid as a result of other clerical errors in listing property;
- 36 (5) Paid with respect to improvements which did not exist on  
37 assessment date;

- 1 (6) Paid under levies or statutes adjudicated to be illegal or  
2 unconstitutional;
- 3 (7) Paid as a result of mistake, inadvertence, or lack of knowledge  
4 by any person exempted from paying real property taxes or a portion  
5 thereof pursuant to RCW 84.36.381 through 84.36.389, as now or  
6 hereafter amended;
- 7 (8) Paid as a result of mistake, inadvertence, or lack of knowledge  
8 by either a public official or employee or by any person with respect  
9 to real property in which the person paying the same has no legal  
10 interest;
- 11 (9) Paid on the basis of an assessed valuation which was appealed  
12 to the county board of equalization and ordered reduced by the board;
- 13 (10) Paid on the basis of an assessed valuation which was appealed  
14 to the state board of tax appeals and ordered reduced by the board:  
15 PROVIDED, That the amount refunded under subsections (9) and (10) of  
16 this section shall only be for the difference between the tax paid on  
17 the basis of the appealed valuation and the tax payable on the  
18 valuation adjusted in accordance with the board's order;
- 19 (11) Paid as a state property tax levied upon property, the  
20 assessed value of which has been established by the state board of tax  
21 appeals for the year of such levy: PROVIDED, HOWEVER, That the amount  
22 refunded shall only be for the difference between the state property  
23 tax paid and the amount of state property tax which would, when added  
24 to all other property taxes within the one percent limitation of  
25 Article VII, section 2 of the state Constitution equal one percent of  
26 the assessed value established by the board;
- 27 (12) Paid on the basis of an assessed valuation which was  
28 adjudicated to be unlawful or excessive: PROVIDED, That the amount  
29 refunded shall be for the difference between the amount of tax which  
30 was paid on the basis of the valuation adjudged unlawful or excessive  
31 and the amount of tax payable on the basis of the assessed valuation  
32 determined as a result of the proceeding;
- 33 (13) Paid on property acquired under RCW 84.60.050, and canceled  
34 under RCW 84.60.050(2);
- 35 (14) Paid on the basis of an assessed valuation that was reduced  
36 under RCW 84.48.065; or
- 37 (15) Paid on the basis of an assessed valuation that was reduced  
38 under RCW 84.40.039(~~or~~);

1       ~~(16) Abated under RCW 84.70.010~~)).

2       No refunds under the provisions of this section shall be made  
3 because of any error in determining the valuation of property, except  
4 as authorized in subsections (9), (10), (11), and (12) of this section  
5 nor may any refunds be made if a bona fide purchaser has acquired  
6 rights that would preclude the assessment and collection of the  
7 refunded tax from the property that should properly have been charged  
8 with the tax. Any refunds made on delinquent taxes shall include the  
9 proportionate amount of interest and penalties paid. However, refunds  
10 as a result of an incorrect payment authorized under subsection (8) of  
11 this section made by a third party payee shall not include refund  
12 interest. The county treasurer may deduct from moneys collected for  
13 the benefit of the state's levy, refunds of the state levy including  
14 interest on the levy as provided by this section and chapter 84.68 RCW.

15       The county treasurer of each county shall make all refunds  
16 determined to be authorized by this section, and by the first Monday in  
17 February of each year, report to the county legislative authority a  
18 list of all refunds made under this section during the previous year.  
19 The list is to include the name of the person receiving the refund, the  
20 amount of the refund, and the reason for the refund.

21       **Sec. 11.** RCW 84.70.010 and 2001 c 187 s 26 are each amended to  
22 read as follows:

23       (1) If, on or before December 31 in any calendar year, any real or  
24 personal property placed upon the assessment roll of that year is  
25 destroyed in whole or in part, or is in an area that has been declared  
26 a disaster area by the governor and has been reduced in value by more  
27 than twenty percent as a result of a natural disaster, the true and  
28 fair value of such property shall be reduced for that assessment year  
29 by an amount determined by taking the true and fair value of such  
30 taxable property before destruction or reduction in value and deduct  
31 therefrom the true and fair value of the remaining property after  
32 destruction or reduction in value.

33       ~~(2) ((Taxes levied for collection in the year in which the true and  
34 fair value has been reduced under subsection (1) of this section shall  
35 be abated in whole or in part as provided in this subsection. The  
36 amount of taxes to be abated shall be determined by first multiplying  
37 the amount deducted from the true and fair value under subsection (1)~~

1 of this section by the rate of levy applicable to the property in the  
2 tax year. Then divide the product by the number of days in the year  
3 and multiply the quotient by the number of days remaining in the  
4 calendar year after the date of the destruction or reduction in value  
5 of the property. If taxes abated under this section have been paid,  
6 the amount paid shall be refunded under RCW 84.69.020. For taxes  
7 levied for collection in 1998 and 1999, this subsection (2) applies to  
8 property that is destroyed in whole or in part, or is in an area that  
9 has been declared a disaster area by the governor and has been reduced  
10 in value by more than twenty percent as a result of a natural disaster.  
11 For taxes levied for collection in 2000 through 2004, this subsection  
12 (2) applies to property that is destroyed in whole or in part, or is in  
13 an area that has been declared a federal disaster area and has been  
14 reduced in value by more than twenty percent as a result of a natural  
15 disaster. This subsection (2) does not apply to taxes levied for  
16 collection in 2005 and thereafter.

17 ~~(3))~~ No reduction in the true and fair value (~~(or abatements)~~)  
18 shall be made more than three years after the date of destruction or  
19 reduction in value.

20 ~~((4))~~ (3) The assessor shall make such reduction on his or her  
21 own motion; however, the taxpayer may make application for reduction on  
22 forms prepared by the department and provided by the assessor. The  
23 assessor shall notify the taxpayer of the amount of reduction.

24 ~~((5))~~ (4) If destroyed property is replaced prior to the  
25 valuation dates contained in RCW 36.21.080 and 36.21.090, the total  
26 taxable value for that assessment year shall not exceed the value as of  
27 the appropriate valuation date in RCW 36.21.080 or 36.21.090, whichever  
28 is appropriate.

29 ~~((6))~~ (5) The taxpayer may appeal the amount of reduction to the  
30 county board of equalization in accordance with the provisions of RCW  
31 84.40.038. The board shall reconvene, if necessary, to hear the  
32 appeal.

33 NEW SECTION. **Sec. 12.** The following acts or parts of acts are  
34 each repealed:

35 (1) RCW 84.55.012 (Reduction of property tax levy--Setting amount  
36 of future levies) and 1997 c 2 s 1 & 1995 2nd sp.s. c 13 s 2;

1           (2) RCW 84.55.0121 (Reduction of property tax levy for collection  
2 in 1998) and 1997 c 3 s 301; and

3           (3) RCW 84.55.092 (Protection of future levy capacity) and 1998 c  
4 16 s 3, 1988 c 274 s 4, & 1986 c 107 s 3.

5           NEW SECTION.   **Sec. 13.** This act applies to taxes levied for  
6 collection in 2006 and thereafter.

--- END ---