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**HOUSE BILL 2195**

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**State of Washington 65th Legislature 2017 Regular Session**

**By** Representatives Koster, Maycumber, Haler, Taylor, MacEwen, Volz, Smith, Holy, Hargrove, Shea, Kretz, Schmick, Barkis, Young, Van Werven, Steele, and Buys

AN ACT Relating to requiring revaluation of property in response to water rulings; adding a new section to chapter 84.40 RCW; creating a new section; and declaring an emergency.

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

NEW SECTION. **Sec.**  The legislature declares that court rulings that impact a property owner's ability to withdraw water from property have diminished rural property values and caused shifts of the property tax burden to urban taxpayers. Two recent examples are the Washington state supreme court rulings on minimum instream flow levels for the Skagit river (*Swinomish Indian Tribal Community v. Dep't of Ecology*, 2013) and the ruling concerning how a county demonstrates it is protecting surface and groundwater resources in the rural element of its county comprehensive plans under the growth management act (*Whatcom County v. W. Wash. Growth Mgmt. Hr'gs Bd.*, 2016 known as *Hirst*). Rulings like these generate significant uncertainty and frustration for rural residents, and disrupt the rural economy and construction trades. The legislature finds that when court rulings diminish property values on rural or undeveloped land, the result is a tax shift to all other parcels. The legislature intends to expedite certainty in land transactions and the rural economy by addressing the tax shift caused by water rulings. Therefore, the legislature will require that all parcels be revalued promptly following a court ruling that impacts a person's ability to withdraw water from property, and that the administrative cost of that reassessment of property be paid by the state.

NEW SECTION. **Sec.**  A new section is added to chapter 84.40 RCW to read as follows:

(1) If, on or before December 31st in any calendar year, water supply to any real property placed upon the assessment roll of that year is impacted by a water ruling, the property must be reassessed to reflect the true and fair value of the property after the water ruling.

(2) The assessor must make such a reduction within one year after the water ruling; however, the taxpayer may apply for the reduction on forms prepared by the department and provided by the assessor. The assessor must notify the taxpayer of the amount of the reduction.

(3) The taxpayer may appeal the amount of reduction to the county board of equalization in accordance with the provisions of RCW 84.40.038.

(4) For the purposes of this section, "water ruling" means any federal or state appellate court ruling that impacts, directly or indirectly, water supply to any parcel or parcels or the process or procedures for proving the adequacy of water supply to a parcel as well as any court ruling that requires a change in county ordinance, comprehensive plan, development regulation, or procedures or policies concerning approval of building permits under RCW 19.27.097 or approval of subdivisions under RCW 58.17.110.

(5) If any reassessment has been conducted under this section, the county assessor must prepare a report that includes, but is not limited to, the number of parcels with reduced value and the number of parcels to which a tax burden was shifted, and the extent of the tax shift. The report is due to the department by March 1st for the previous calendar year. The county must bill the state for the costs of the reassessment and preparation of the report, and the state has the obligation to appropriate sufficient money to cover the cost in compliance with RCW 43.135.060.

NEW SECTION. **Sec.**  This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

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