

WSR 22-04-024

PERMANENT RULES

DEPARTMENT OF REVENUE

[Filed January 24, 2022, 8:34 a.m., effective February 24, 2022]

Effective Date of Rule: Thirty-one days after filing.

Purpose: The department is amending both WAC 458-07-010 and 458-07-015 to incorporate 2021 legislation, EHB 1271, section 3. This legislation instructs county assessors to review taxable real property characteristics in accordance with the International Association of Assessing Officers standards for physical inspections.

Citation of Rules Affected by this Order: Amending WAC 458-07-010 Valuation and revaluation of real property—Introduction, and 458-07-015 Revaluation of real property.

Statutory Authority for Adoption: RCW 84.41.090 and 84.41.120.

Adopted under notice filed as WSR 21-23-058 on November 10, 2021.

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, Amended 0, Repealed 0; Federal Rules or Standards: New 0, Amended 0, Repealed 0; or Recently Enacted State Statutes: New 0, Amended 2, Repealed 0.

Number of Sections Adopted at the Request of a Nongovernmental Entity: New 0, Amended 0, Repealed 0.

Number of Sections Adopted on the Agency's own Initiative: New 0, Amended 0, Repealed 0.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 0, Amended 0, Repealed 0.

Number of Sections Adopted using Negotiated Rule Making: New 0, Amended 0, Repealed 0; Pilot Rule Making: New 0, Amended 0, Repealed 0; or Other Alternative Rule Making: New 0, Amended 0, Repealed 0.

Date Adopted: January 24, 2022.

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Rules Coordinator

OTS-3374.1

AMENDATORY SECTION (Amending WSR 16-08-115, filed 4/5/16, effective 5/6/16)

WAC 458-07-010 Valuation and revaluation of real property—Introduction. The Washington state Constitution requires that all taxes be uniform upon the same class of property within the territorial limits of the authority levying the tax. In order to comply with this constitutional mandate and ensure that all taxes are uniform, all real property must be valued in a manner consistent with this principle of uniformity. Also, to comply with statutory and case law, the county assessor must value all taxable real property in the county on a regular, systematic, and continuous basis. All taxable real property within a county must be valued or revalued annually, and each county assessor must review all taxable real property characteristics in accordance with the International Association of Assessing Officers' standards for physical inspections. All taxable real property within a county must also be physically inspected at least once every six

years, per RCW 84.41.030. The assessor must adhere to a revaluation plan that will ensure equality and uniformity in the valuation of real property, and must use proper appraisal methods. The administrative rules in this chapter describe and explain the processes to be used by the county assessor in valuing and revaluing real property for purposes of taxation.

[Statutory Authority: RCW 84.08.010, 84.08.070, 84.52.0502, and 84.55.010. WSR 16-08-115, § 458-07-010, filed 4/5/16, effective 5/6/16. Statutory Authority: RCW 84.08.070. WSR 00-01-043, § 458-07-010, filed 12/7/99, effective 1/7/00.]

AMENDATORY SECTION (Amending WSR 16-08-115, filed 4/5/16, effective 5/6/16)

WAC 458-07-015 Revaluation of real property. (1) **Appropriate statistical data defined.** The assessor must revalue ((the)) real property at its current true and fair value using appropriate statistical data. RCW 84.41.041. For purposes of this chapter, "appropriate statistical data" means the data required to accurately adjust real property values and includes, but is not limited to, data reflecting costs of new construction and real property market trends.

(2) **Comparable sales data.** In gathering appropriate statistical data and determining real property market trends, the assessor must consider current sales data. "Current sales data" means sales of real property that occurred within the past five years of the date of appraisal and may include sales that occur in the assessment year. To the extent feasible, and in accordance with generally accepted appraisal practices, the assessor shall compile the statistical data into categories of comparable properties. Comparability is most often determined by similar use and location and may be based upon the following use classifications:

- (a) Single family residential;
- (b) Residential with from two to four units;
- (c) Residential with more than four units;
- (d) Residential hotels, condominiums;
- (e) Hotels and motels;
- (f) Vacation homes and cabins;
- (g) Retail trade;
- (h) Warehousing;
- (i) Office and professional service;
- (j) Commercial other than listed;
- (k) Manufacturing;
- (l) Agricultural; and
- (m) Other classifications as necessary.

(3) **Appraisal processes.** Appropriate statistical data shall be applied to revalue real property to current true and fair value using one or more of the following processes:

- (a) Multiple or linear regression;
- (b) Sales ratios;
- (c) Physical inspection; or

(d) Any other appropriate statistical method that is recognized and accepted with respect to the appraisal of real property for purposes of taxation.

- (4) **Physical inspection cycles.**

(a) For purposes of this chapter, "physical inspection" means, at a minimum, an exterior observation of the property to determine whether there have been any changes in the physical characteristics that affect value. The property improvement record must be appropriately documented in accordance with the findings of the physical inspection. The assessor must physically inspect all taxable real property at least once within a six-year time period, and review all taxable real property characteristics in accordance with the International Association of Assessing Officers' physical inspection standards.

(b) Physical inspection of all the property in the county shall be accomplished on a proportional basis in cycle, with approximately equal portions of taxable property of the county inspected each year. Physical inspections of properties outside of the areas scheduled for physical inspection under the plan filed with the department (~~(see)~~), in accordance with WAC 458-07-025(~~+~~) Revaluation of real property—Plan submitted to department of revenue, may be conducted for purposes of validating sales, reconciling inconsistent valuation results, calibrating statistical models, valuing unique or nonhomogeneous properties, administering appeals or taxpayer reviews, documenting digital images, or for other purposes as necessary to maintain accurate property characteristics and uniform assessment practices. All properties shall be placed on the assessment rolls at current true and fair value as of January 1st of the assessment year.

(c) In any year, when the area of the county being physically inspected is not completed in that year, the portion remaining must be completed before beginning the physical inspection of another area in the succeeding year. All areas of the county must be physically inspected within the cycle established in the revaluation plan filed with the department.

(5) **Revaluation after a value is certified for the current year.** In certain circumstances the assessor is authorized to revalue real property, using appraisal judgment, after a value is certified for the current year. These revaluations must not be arbitrary or capricious, nor violate the equal protection clauses of the federal and state Constitutions, nor the uniformity clause of the state Constitution. The assessor may disregard the certified value for the current year and change a property valuation, as appropriate, in the following situations:

(a) If requested by a property owner, when a notice of decision pertaining to the value of real property is received under RCW 36.70B.130 (~~(+)~~)Notice of decision—Distribution; local project review(~~+~~), chapter 35.22 RCW (~~(+)~~)First_class cities(~~+~~), chapter 35.63 RCW (~~(+)~~)Planning commissions(~~+~~), chapter 35A.63 RCW (~~(+)~~)Planning and zoning in code cities(~~+~~), or chapter 36.70 RCW (~~(+)~~)Planning Enabling Act(~~+~~);

(b) When the owner or person responsible for payment of taxes on any real property petitions the assessor for a reduction in the assessed value in accordance with RCW 84.40.039, within three years of adoption of a restriction by a government entity;

(c) When there has been a "definitive change of land use designation" by an authorized land use authority, and the revaluation is in accordance with RCW 84.48.065;

(d) When a bona fide mistake has been made by the assessor in a prior valuation made within the current valuation cycle. The change in property valuation is not retroactive to the prior year;

(e) When property has been destroyed, in whole or in part, and is entitled to a reduction in value in accordance with chapter 84.70 RCW; or

(f) When property has been subdivided or merged.

(6) **Change of value notice.** Revaluation, or change of value notices, must be mailed or transmitted electronically by the assessor to the taxpayer when there is any change in the assessed value of real property, not later than thirty days after an appraisal or adjustment in value.

[Statutory Authority: RCW 84.08.010, 84.08.070, 84.52.0502, and 84.55.010. WSR 16-08-115, § 458-07-015, filed 4/5/16, effective 5/6/16. Statutory Authority: RCW 84.08.070. WSR 00-01-043, § 458-07-015, filed 12/7/99, effective 1/7/00.]