

# FINAL BILL REPORT

## SHB 1301

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C 218 L 91  
*Synopsis As Enacted*

**Brief Description:** Improving property tax administrative practices.

By Committee on Revenue (Originally sponsored by Representatives Wang, Holland, Fraser, Horn, Rust, Brumsickle, Leonard, Ballard, Nelson, Heavey, Haugen, Winsley, Jacobsen, May, Morris, Ferguson, Appelwick, Phillips, H. Sommers, Belcher, Locke, Pruitt, Franklin, Spanel, Van Luven, Cooper, Wineberry, H. Myers, Bray, Scott and Anderson).

House Committee on Revenue

**Background:** Property subject to property tax is assessed at its true and fair value. In most cases this is the market value in the property's highest and best use. The values are set as of January 1st. These values are used for determining property bills to be collected in the following year.

County assessors establish new assessed values on a regular revaluation cycle. The length of revaluation cycles vary by county. The most common length is four years, although three and two year schedules are used by some counties. A proportionate share of the county is revalued during each year of the cycle. In most cases, individual property values are not changed during the intervening years of the revaluation cycle. The change in value for an individual property follows a stair step pattern; no change in value for three years then, in one year, a change representing four years of value growth (two or three years in case of a two or three year cycle).

Some counties are on a program of annual updates. Values are adjusted annually based on market value statistical data. In this case, a physical inspection of each property is done once every six years.

Thirteen counties update assessments annually. Two counties, King and Douglas, are on two-year revaluation cycles. The other 24 counties revalue every three or four years.

Real property appraisers employed by county assessors are required to: (1) be graduated from an accredited high school or pass a high school equivalency exam, (2) have at least one year of experience in transactions involving assessment or appraisal or real property, (3) be knowledgeable in repair and remodeling of buildings and improvements to land and the significance of location to the value of real property, and (4) be knowledgeable in the Department of Revenue's standards of real property appraisal.

No person may assess real property for tax purposes without passing an examination covering items (3) and (4). The examination is administered by the Department of Personnel and prepared with the advice of the Department of Revenue.

**Summary:** The Department of Revenue is directed to conduct a study of the administration of the property tax system. The study shall include an examination of the benefits and costs of moving all counties to annual assessment updates, data processing capability of county assessor offices, effectiveness of county boards of equalization, the adequacy of auditing tax relief programs, and other property tax administration problems that warrant study. The department shall report the study findings to the appropriate legislative committees by November 30, 1991.

The Department of Revenue is required to prepare a clear and succinct explanation of the property tax system including information on the assessment process, appeal rights, determination of district levy rates and available property tax relief programs. Copies are to be made available through county assessors' offices.

Property appraiser qualifications are changed. The high school graduation or equivalent requirement is eliminated. The Department of Revenue is to establish by rule additional minimum requirements for real property appraisers. The Department of Revenue is given complete responsibility for preparing and administering the examination. Also, the Department of Revenue may establish continuing education requirements for real property appraisers.

County assessors are required to report the results of sales-assessment ratio studies to the Department of Revenue. These studies shall be based on property use classes.

***Votes on Final Passage:***

House	71	25	
Senate	39	8	(Senate amended)
House	97	0	(House concurred)

*Effective:* May 16, 1991