

SENATE BILL REPORT

SSB 5818

AS PASSED SENATE, MARCH 20, 1991

Brief Description: Providing for locally determined property tax assessment levels.

SPONSORS: Senate Committee on Ways & Means (originally sponsored by Senators Metcalf and Owen).

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5818 be substituted therefor, and the substitute bill do pass.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Bailey, Bluechel, Cantu, Hayner, Johnson, L. Kreidler, Metcalf, L. Smith, West, Williams, and Wojahn.

Staff: Terry Wilson (786-7715)

Hearing Dates: February 27, 1991; March 8, 1991

BACKGROUND:

All real and personal property in this state is valued at 100 percent of its fair market value unless otherwise provided by law. Open space, timberland, and agricultural land is valued at its current use. State law requires counties to revalue property at least every four years.

Property taxes are based on assessed values. Currently, property is assessed at 100 percent of its fair market value. Because of differing assessment practices, not all counties are successful in valuing at 100 percent of fair market value. For 1991 taxes, the valuations by counties ranged from 80 percent to 100 percent of fair market value.

The state levy is imposed in every county of the state. In order to provide a uniform tax base for the state levy, the Department of Revenue equalizes the values in all counties to 100 percent of fair market value.

SUMMARY:

The county legislative authority may provide that property be assessed at a level that is lower than 100 percent of fair market value for local property taxes. The state levy is not affected. Any change must be made by July 1 for taxes payable the following year.

To provide a uniform application to all property, the change can be made only in the first year of the revaluation cycle unless all property is revalued either through physical inspection or by adjusting values based on statistical data.

Because this proposal authorizes different assessment levels for the counties, a procedure is necessary to provide a uniform tax base for those districts that are located in more than one county (such as library districts). To provide a uniform base for multi-county district tax levies, the Department of Revenue is required to equalize the values of multi-county districts, a portion of which are located in a county that has adopted an assessment level lower than 100 percent, in the same manner as it equalizes values between counties for the state levy.

Appropriation: none

Revenue: none

Fiscal Note: none requested

Effective Date: The bill contains an emergency clause and takes effect immediately.

TESTIMONY FOR: None

TESTIMONY AGAINST: None

TESTIFIED: No one