
SUBSTITUTE HOUSE BILL 2672

State of Washington**53rd Legislature****1994 Regular Session**

By House Committee on Revenue (originally sponsored by Representatives G. Fisher, Kessler, Holm, Anderson, Finkbeiner, Dunshee, Romero, Patterson, Scott, Karahalios, Brown, Quall, Flemming, Wang, Leonard, Linville, Jones, Valle, Campbell, Chappell, Thibaudeau, Lemmon, Basich, Pruitt, Ogden, Sheldon, Caver, Peery, G. Cole, H. Myers, Kremen and Roland)

Read first time 02/02/94.

1 AN ACT Relating to property tax relief; amending RCW 84.36.383,
2 84.36.385, 84.36.387, 84.36.389, 84.52.043, 84.52.065, 84.38.020,
3 84.38.040, 84.38.050, 84.38.130, and 84.40.045; adding new sections to
4 chapter 84.36 RCW; adding a new section to chapter 84.38 RCW; adding a
5 new section to chapter 84.41 RCW; adding a new section to chapter 84.56
6 RCW; creating new sections; and providing a contingent effective date.

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

8 NEW SECTION. **Sec. 1.** INTENT. This act provides a homestead
9 exemption from the state property tax levy for each owner-occupied
10 residence, based on the median value of homes in the county. This act
11 also provides property tax exemptions for very low-income rental
12 properties. These exemptions are intended to make the property tax
13 system less regressive by reducing property tax burdens for most low
14 and middle-income households, and reverse the shift of taxes from
15 business to homeowner property that has occurred in recent years. The
16 state levy rate is increased slightly to facilitate this reversal in
17 tax burden shift.

1 This act provides property tax deferrals for unemployed persons.
2 Deferrals are intended to provide relief for families who may be unable
3 to pay property taxes on their homes due to unemployment.

4 This act also provides a procedure to lessen the impact of large
5 property tax valuation increases that occur during times of rapid
6 growth in market values. Under this act, a county may opt to spread
7 valuation increases over a four-year period. This option is intended
8 to prevent a large valuation increase from obscuring the effect of
9 relief provided by the homestead and very low-income exemptions.
10 Better information on tax statements is also required.

11 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.36 RCW
12 to read as follows:

13 HOMESTEAD EXEMPTION. (1) As used in this section, "homestead
14 exemption" means an exemption under this section.

15 (2) Subject to the conditions in subsection (3) of this section,
16 and RCW 84.36.383 through 84.36.389, a portion of a residence is exempt
17 from property taxes imposed for state purposes. The exemption is equal
18 to thirty-five percent of the median assessed value of all property for
19 which a homestead exemption has been granted in the county in which the
20 residence is located, as determined each assessment year by the county
21 assessor under rules of the department.

22 (3) The following conditions apply to homestead exemptions:

23 (a) The residence must be occupied by the person claiming the
24 exemption as a principal place of residence as of January 1st of the
25 year in which taxes are due. A person who sells, transfers, or is
26 displaced from his or her residence may transfer his or her exemption
27 status to a replacement residence, but no claimant shall receive an
28 exemption on more than one residence in any year. Confinement of the
29 person to a hospital or nursing home does not disqualify the claim of
30 exemption if:

31 (i) The residence is temporarily unoccupied;

32 (ii) The residence is occupied by a spouse and/or a person
33 financially dependent on the claimant for support; or

34 (iii) The residence is rented for the purpose of paying nursing
35 home or hospital costs.

36 (b) The person claiming the exemption must have owned, at the time
37 of filing, in fee, as a life estate, or by contract purchase, the
38 residence on which the property taxes have been imposed or if the

1 person claiming the exemption lives in a cooperative housing
2 association, corporation, or partnership, such person must own a share
3 therein representing the unit or portion of the structure in which he
4 or she resides. For purposes of this subsection, a residence owned by
5 a marital community or owned by cotenants shall be deemed to be owned
6 by each spouse or cotenant, and any lease for life shall be deemed a
7 life estate.

8 **Sec. 3.** RCW 84.36.383 and 1991 c 213 s 4 are each amended to read
9 as follows:

10 HOMESTEAD EXEMPTION--DEFINITIONS. As used in RCW 84.36.381 through
11 84.36.389 and section 2 of this act, except where the context clearly
12 indicates a different meaning:

13 (1) The term "residence" shall mean a single family dwelling unit
14 whether such unit be separate or part of a multiunit dwelling,
15 including the land on which such dwelling stands not to exceed one
16 acre. The term shall also include a share ownership in a cooperative
17 housing association, corporation, or partnership if the person claiming
18 exemption can establish that his or her share represents the specific
19 unit or portion of such structure in which he or she resides. The term
20 shall also include a single family dwelling situated upon lands the fee
21 of which is vested in the United States or any instrumentality thereof
22 including an Indian tribe or in the state of Washington, and
23 notwithstanding the provisions of RCW 84.04.080(~~(7)~~) or 84.04.090 (~~(or~~
24 ~~84.40.250)~~), such a residence shall be deemed real property.

25 (2) The term "real property" shall also include a mobile home which
26 has substantially lost its identity as a mobile unit by virtue of its
27 being fixed in location upon land owned or leased by the owner of the
28 mobile home and placed on a foundation (posts or blocks) with fixed
29 pipe, connections with sewer, water, or other utilities: PROVIDED,
30 That a mobile home located on land leased by the owner of the mobile
31 home shall be subject, for tax billing, payment, and collection
32 purposes, only to the personal property provisions of chapter 84.56 RCW
33 and RCW 84.60.040.

34 (3) The term "preceding calendar year" shall mean the calendar year
35 preceding the year in which the claim for exemption is to be made.

36 (4) "Department" shall mean the state department of revenue.

37 (5) "Combined disposable income" means the disposable income of the
38 person claiming the exemption, plus the disposable income of his or her

1 spouse, and the disposable income of each cotenant occupying the
2 residence for the preceding calendar year, less amounts paid by the
3 person claiming the exemption or his or her spouse during the previous
4 year for the treatment or care of either person received in the home or
5 in a nursing home.

6 (6) "Disposable income" means adjusted gross income as defined in
7 the federal internal revenue code, as amended prior to January 1, 1989,
8 or such subsequent date as the director may provide by rule consistent
9 with the purpose of this section, plus all of the following items to
10 the extent they are not included in or have been deducted from adjusted
11 gross income:

12 (a) Capital gains, other than nonrecognized gain on the sale of a
13 principal residence under section 1034 of the federal internal revenue
14 code, or gain excluded from income under section 121 of the federal
15 internal revenue code to the extent it is reinvested in a new principal
16 residence;

17 (b) Amounts deducted for loss;

18 (c) Amounts deducted for depreciation;

19 (d) Pension and annuity receipts;

20 (e) Military pay and benefits other than attendant-care and
21 medical-aid payments;

22 (f) Veterans benefits other than attendant-care and medical-aid
23 payments;

24 (g) Federal social security act and railroad retirement benefits;

25 (h) Dividend receipts; and

26 (i) Interest received on state and municipal bonds.

27 (7) "Cotenant" means a person who resides with the person claiming
28 the exemption and who has an ownership interest in the residence.

29 **Sec. 4.** RCW 84.36.385 and 1992 c 206 s 13 are each amended to read
30 as follows:

31 HOMESTEAD EXEMPTION--TIME OF APPLICATION. (1) A claim for
32 exemption under RCW 84.36.381 (~~as now or hereafter amended~~) or
33 section 2 of this act, shall be made and filed at any time during the
34 year for exemption from taxes payable the following year and thereafter
35 and solely upon forms as prescribed (~~and furnished~~) by the department
36 of revenue. However, an exemption from tax under RCW 84.36.381 shall
37 continue for no more than four years unless a renewal application is
38 filed as provided in subsection (3) of this section. The county

1 assessor may also require, by written notice, a renewal application
2 following an amendment of the income requirements set forth in RCW
3 84.36.381. Renewal applications shall be on forms prescribed and
4 furnished by the department of revenue. An exemption under section 2
5 of this act shall continue each year as long as the residence is
6 eligible for exemption.

7 (2) A person granted an exemption under RCW 84.36.381 or section 2
8 of this act shall inform the county assessor of any change in status
9 affecting (~~the person's~~) entitlement to the exemption on forms
10 prescribed and furnished by the department of revenue.

11 (3) Each person exempt from taxes under RCW 84.36.381 in 1993 and
12 thereafter, shall file with the county assessor a renewal application
13 not later than December 31 of the year the assessor notifies such
14 person of the requirement to file the renewal application.

15 (4) Beginning in 1992 and in each of the three succeeding years,
16 the county assessor shall notify approximately one-fourth of those
17 persons exempt from taxes under RCW 84.36.381 in the current year who
18 have not filed a renewal application within the previous four years, of
19 the requirement to file a renewal application.

20 (5) If the assessor finds that the applicant does not meet the
21 qualifications as set forth in RCW 84.36.381(~~, as now or hereafter~~
22 ~~amended~~) or section 2 of this act, the claim or exemption shall be
23 denied but such denial shall be subject to appeal under the provisions
24 of RCW 84.48.010(5). If the applicant had received exemption in prior
25 years based on erroneous information, the taxes shall be collected
26 subject to penalties as provided in RCW 84.40.130 for a period of not
27 to exceed three years.

28 (6) The department and each local assessor is hereby directed to
29 publicize the qualifications and manner of making claims under RCW
30 84.36.381 through 84.36.389 and section 2 of this act, through
31 communications media, including such paid advertisements or notices as
32 it deems appropriate. Notice of the qualifications, method of making
33 applications, the penalties for not reporting a change in status, and
34 availability of further information shall be included on or with
35 property tax statements and revaluation notices for all residential
36 property including mobile homes, except rental properties.

37 **Sec. 5.** RCW 84.36.387 and 1992 c 206 s 14 are each amended to read
38 as follows:

1 HOMESTEAD EXEMPTION--APPLICATION REQUIREMENTS. (1) All claims for
2 exemption under RCW 84.36.381 or section 2 of this act shall be made
3 and signed by the person entitled to the exemption, by his or her
4 attorney in fact or in the event the residence of such person is under
5 mortgage or purchase contract requiring accumulation of reserves out of
6 which the holder of the mortgage or contract is required to pay real
7 estate taxes, by such holder or by the owner, either before two
8 witnesses or the county assessor or his or her deputy in the county
9 where the real property is located: PROVIDED, That if a claim for
10 exemption is made by a person living in a cooperative housing
11 association, corporation, or partnership, such claim shall be made and
12 signed by the person entitled to the exemption and by the authorized
13 agent of such cooperative.

14 (2) If the taxpayer is unable to submit his or her own claim, the
15 claim shall be submitted by a duly authorized agent or by a guardian or
16 other person charged with the care of the person or property of such
17 taxpayer.

18 (3) All claims for exemption and renewal applications under RCW
19 84.36.381 shall be accompanied by such documented verification of
20 income as shall be prescribed by rule adopted by the department of
21 revenue.

22 (4) Any person signing a false claim with the intent to defraud or
23 evade the payment of any tax shall be guilty of the offense of perjury.

24 (5) The tax liability of a cooperative housing association,
25 corporation, or partnership shall be reduced by the amount of tax
26 exemption to which a claimant residing therein is entitled and such
27 cooperative shall reduce any amount owed by the claimant to the
28 cooperative by such exact amount of tax exemption or, if no amount be
29 owed, the cooperative shall make payment to the claimant of such exact
30 amount of exemption.

31 (6) A remainderman or other person who would have otherwise paid
32 the tax on real property that is the subject of an exemption granted
33 under RCW 84.36.381 or section 2 of this act for an estate for life
34 shall reduce the amount which would have been payable by the life
35 tenant to the remainderman or other person to the extent of the
36 exemption. If no amount is owed or separately stated as an obligation
37 between these persons, the remainderman or other person shall make
38 payment to the life tenant in the exact amount of the exemption.

1 **Sec. 6.** RCW 84.36.389 and 1979 ex.s. c 214 s 4 are each amended to
2 read as follows:

3 HOMESTEAD EXEMPTION--ADMINISTRATION. (1) The director of the
4 department of revenue shall adopt such rules (~~(and regulations)~~) and
5 prescribe such forms as may be necessary and appropriate for
6 implementation and administration of this chapter subject to chapter
7 34.05 RCW, the administrative procedure act.

8 (2) The department may conduct such audits of the administration of
9 RCW 84.36.381 through 84.36.389 and section 2 of this act and the
10 claims for exemption filed thereunder as it considers necessary. The
11 powers of the department under chapter 84.08 RCW apply to these audits.

12 (3) Any information or facts concerning confidential income data
13 obtained by the assessor or the department, or their agents or
14 employees, under subsection (2) of this section shall be used only to
15 administer RCW 84.36.381 through 84.36.389. Notwithstanding any
16 provision of law to the contrary, absent written consent by the person
17 about whom the information or facts have been obtained, the
18 confidential income data shall not be disclosed by the assessor or the
19 assessor's agents or employees to anyone other than the department or
20 the department's agents or employees nor by the department or the
21 department's agents or employees to anyone other than the assessor or
22 the assessor's agents or employees except in a judicial proceeding
23 pertaining to the taxpayer's entitlement to the tax exemption under RCW
24 84.36.381 through 84.36.389. Any violation of this subsection is a
25 misdemeanor.

26 **Sec. 7.** RCW 84.52.043 and 1993 c 337 s 3 are each amended to read
27 as follows:

28 STATE LEVY MAXIMUM. Within and subject to the limitations imposed
29 by RCW 84.52.050 as amended, the regular ad valorem tax levies upon
30 real and personal property by the taxing districts hereafter named
31 shall be as follows:

32 (1) Levies of the senior taxing districts shall be as follows: (a)
33 The levy by the state shall not exceed three dollars and (~~sixty~~)
34 seventy cents per thousand dollars of assessed value adjusted to the
35 state equalized value in accordance with the indicated ratio fixed by
36 the state department of revenue to be used exclusively for the support
37 of the common schools; (b) the levy by any county shall not exceed one
38 dollar and eighty cents per thousand dollars of assessed value; (c) the

1 levy by any road district shall not exceed two dollars and twenty-five
2 cents per thousand dollars of assessed value; and (d) the levy by any
3 city or town shall not exceed three dollars and thirty-seven and one-
4 half cents per thousand dollars of assessed value. However any county
5 is hereby authorized to increase its levy from one dollar and eighty
6 cents to a rate not to exceed two dollars and forty-seven and one-half
7 cents per thousand dollars of assessed value for general county
8 purposes if the total levies for both the county and any road district
9 within the county do not exceed four dollars and five cents per
10 thousand dollars of assessed value, and no other taxing district has
11 its levy reduced as a result of the increased county levy.

12 (2) The aggregate levies of junior taxing districts and senior
13 taxing districts, other than the state, shall not exceed five dollars
14 and ninety cents per thousand dollars of assessed valuation. The term
15 "junior taxing districts" includes all taxing districts other than the
16 state, counties, road districts, cities, towns, port districts, and
17 public utility districts. The limitations provided in this subsection
18 shall not apply to: (a) Levies at the rates provided by existing law
19 by or for any port or public utility district; (b) excess property tax
20 levies authorized in Article VII, section 2 of the state Constitution;
21 (c) levies for acquiring conservation futures as authorized under RCW
22 84.34.230; (d) levies for emergency medical care or emergency medical
23 services imposed under RCW 84.52.069; and (e) levies to finance
24 affordable housing for very low-income housing imposed under RCW
25 84.52.105.

26 **Sec. 8.** RCW 84.52.065 and 1991 sp.s. c 31 s 16 are each amended to
27 read as follows:

28 STATE LEVY. Subject to the limitations in RCW 84.55.010, in each
29 year the state shall levy for collection in the following year for the
30 support of common schools of the state a tax of three dollars and
31 ((~~sixty~~)) seventy cents per thousand dollars of assessed value upon the
32 assessed valuation of all taxable property within the state adjusted to
33 the state equalized value in accordance with the indicated ratio fixed
34 by the state department of revenue.

35 As used in this section, "the support of common schools" includes
36 the payment of the principal and interest on bonds issued for capital
37 construction projects for the common schools.

1 NEW SECTION. **Sec. 9.** A new section is added to chapter 84.36 RCW
2 to read as follows:

3 EXEMPTION--VERY LOW-INCOME RENTAL PROPERTY. (1) As used in this
4 section:

5 (a) "Eligible property" means:

6 (i) A building that is used for very low-income housing, together
7 with the portion of the land on which the building stands that is
8 reasonably necessary to provide very low-income housing, such as
9 ancillary areas used for parking, lawn, garden, or landscaping.

10 (ii) A mobile home park that is used for very low-income housing.

11 (b) "Mobile home" means a mobile or manufactured home as defined in
12 RCW 46.04.302.

13 (c) "Mobile home park" means real property that is rented or held
14 out for rent to others for the placement of mobile homes for the
15 primary purpose of production of income, except where such real
16 property is rented or held out for rent for seasonal recreational
17 purposes only and is not intended for year-round occupancy.

18 (d) "Used for very low-income housing" means that the property
19 meets the following conditions:

20 (i) At least fifty percent of the rentable floor area of a building
21 or fifty percent of the spaces in a mobile home park are used for
22 housing for very low-income households. The remainder of the building
23 or mobile home park may be: (A) Committed to other uses, or (B) vacant
24 for up to six months, as long as the remainder does not impair the
25 habitability of the units used for housing for very low-income
26 households.

27 (ii) At least three dwelling units in the building or spaces in the
28 mobile home park are used for housing for very low-income households.

29 (iii) The rents charged to very low-income households do not exceed
30 fifteen percent of the median income, scaled by using the occupancy for
31 the unit authorized by the local building code for family size, for the
32 area in which the building is located, as published by the department
33 of community, trade, and economic development each year. The
34 department may make its estimates for areas outside federal standard
35 metropolitan statistical areas on the basis of the nearest area with
36 such data.

37 (iv) The property must comply with local health and safety
38 standards.

1 (e) "Very low-income household" means a single person, family, or
2 unrelated persons living together whose income is at or below fifty
3 percent of the median income, adjusted for household size, for the
4 county where the housing development is located.

5 (2) Thirty-five percent of the assessed value of eligible property
6 is exempt from property taxes imposed for state purposes.

7 (3) To determine eligibility for exemption under this section, an
8 assessor may require the owner to provide information about occupancy
9 by very low-income households, rents paid, and other pertinent
10 information.

11 **Sec. 10.** RCW 84.38.020 and 1991 c 213 s 1 are each amended to read
12 as follows:

13 DEFINITION OF UNEMPLOYED. Unless a different meaning is plainly
14 required by the context, the following words and phrases as hereinafter
15 used in this chapter shall have the following meanings:

16 (1) "Claimant" means a person who either elects or is required
17 under RCW 84.64.030 or 84.64.050 to defer payment of the special
18 assessments (~~and~~) or real property taxes or both accrued on the
19 claimant's residence by filing a declaration to defer as provided by
20 this chapter.

21 When two or more individuals of a household file or seek to file a
22 declaration to defer, they may determine between them as to who the
23 claimant shall be.

24 (2) "Department" means the state department of revenue.

25 (3) "Equity value" means the amount by which the fair market value
26 of a residence as determined from the records of the county assessor
27 exceeds the total amount of any liens or other obligations against the
28 property.

29 (4) "Special assessment" means the charge or obligation imposed by
30 a city, town, county, or other municipal corporation upon property
31 specially benefited by a local improvement, including assessments under
32 chapters 35.44, 36.88, 36.94, 53.08, 54.16, 56.20, 57.16, 86.09, and
33 87.03 RCW and any other relevant chapter.

34 (5) "Real property taxes" means ad valorem property taxes levied on
35 a residence in this state in the preceding calendar year.

36 (6) "Unemployed" has the meaning given in RCW 50.04.310.

1 NEW SECTION. Sec. 11. A new section is added to chapter 84.38 RCW
2 to read as follows:

3 DEFERMENT OF SPECIAL ASSESSMENTS OR TAXES. A person may defer
4 payment of special assessments or real property taxes or both on up to
5 eighty percent of the amount of the claimant's equity value in the
6 claimant's residence if the following conditions are met:

7 (1) The person must be unemployed and eligible for unemployment
8 insurance benefits under Title 50 RCW, or have exhausted unemployment
9 benefits under Title 50 RCW, on the date a declaration to defer is
10 filed under RCW 84.38.040.

11 (2) The property taxes must have been imposed upon a residence that
12 was occupied by the claimant as a principal place of residence as of
13 January 1st of the year in which the taxes are due, subject to the
14 exceptions allowed under RCW 84.36.381(1).

15 (3) The total amount deferred by a claimant under this section and
16 RCW 84.38.030 must not exceed eighty percent of the claimant's equity
17 value in the claimant's residence.

18 (4) The claimant must meet the conditions of RCW 84.38.030 (3)
19 through (5).

20 **Sec. 12.** RCW 84.38.040 and 1984 c 220 s 22 are each amended to
21 read as follows:

22 FILING OF DECLARATION TO DEFER. (1) Each claimant electing to
23 defer payment of special assessments ((and/))or real property tax
24 obligations or both under this chapter shall file with the county
25 assessor, on forms prescribed by the department and supplied by the
26 assessor, a written declaration thereof. The declaration to defer
27 special assessments ((and/))or real property taxes or both for any year
28 shall be filed no later than thirty days before the tax or assessment
29 is due or thirty days after receiving notice under RCW 84.64.030 or
30 84.64.050, whichever is later(~~(:— PROVIDED, That))~~), however for good
31 cause shown, the department may waive this requirement. A declaration
32 to defer under section 11 of this act shall not be filed earlier than
33 twenty days before the first payment of the tax or assessment is due.

34 (2) The declaration shall designate the property to which the
35 deferral applies, and shall include a statement setting forth (a) a
36 list of all members of the claimant's household, (b) the claimant's
37 equity value in his residence, (c) facts establishing the eligibility
38 for the deferral under the provisions of this chapter, and (d) any

1 other relevant information required by the rules of the department.
2 Each copy shall be signed by the claimant subject to the penalties as
3 provided in chapter 9.72 RCW for the false swearing. The first
4 declaration to defer filed in a county shall include proof of the
5 claimant's age acceptable to the assessor.

6 (3) The county assessor shall determine if each claimant shall be
7 granted a deferral for each year but the claimant shall have the right
8 to appeal this determination to the county board of equalization whose
9 decision shall be final as to the deferral of that year.

10 **Sec. 13.** RCW 84.38.050 and 1979 ex.s. c 214 s 8 are each amended
11 to read as follows:

12 DECLARATION TO DEFER. (1)(a) Declarations to defer property taxes
13 for all years following the first year under RCW 84.38.030 may be made
14 by filing with the county assessor no later than thirty days before the
15 tax is due a renewal form in duplicate, prescribed by the department of
16 revenue and supplied by the county assessor, which affirms the
17 continued eligibility of the claimant.

18 (b) In January of each year, the county assessor shall send to each
19 claimant who has been granted deferral of ad valorem taxes for the
20 previous year under RCW 84.38.030 renewal forms and notice to renew.

21 (2) Declarations to defer special assessments shall be made by
22 filing with the assessor no later than thirty days before the special
23 assessment is due on a form to be prescribed by the department of
24 revenue and supplied by the county assessor. Upon approval, the full
25 amount of special assessments upon such claimant's residence shall be
26 deferred but not to exceed an amount equal to eighty percent of the
27 claimant's equity value in said property.

28 **Sec. 14.** RCW 84.38.130 and 1984 c 220 s 26 are each amended to
29 read as follows:

30 WHEN DEFERRED OBLIGATIONS ARE PAYABLE. Special assessments
31 (~~and~~) or real property tax obligations or both deferred under this
32 chapter shall become payable together with interest as provided in RCW
33 84.38.100:

34 (1) Upon the sale of property which has a deferred special
35 assessment (~~and~~) or real property tax lien or both upon it.

36 (2) Upon the death of the claimant with an outstanding deferred
37 special assessment (~~and~~) or real property tax lien or both except a

1 surviving spouse who is qualified under this chapter may elect to incur
2 the special assessment ((and/))or real property tax lien or both which
3 shall then be payable by that spouse as provided in this section.

4 (3) Upon the condemnation of property with a deferred special
5 assessment ((and/))or real property tax lien or both upon it by a
6 public or private body exercising eminent domain power, except as
7 otherwise provided in RCW 84.60.070.

8 (4) At such time as the claimant ceases to reside permanently in
9 the residence upon which the deferral has been granted.

10 (5) Upon the failure of any condition set forth in RCW 84.38.030.

11 (6) For deferrals under section 11 of this act, one year after the
12 claimant is no longer unemployed.

13 NEW SECTION. Sec. 15. A new section is added to chapter 84.41 RCW
14 to read as follows:

15 VALUATION INCREASES--PHASE-IN. (1) As used in this section:

16 (a) "Appraised value" means the true and fair value as determined
17 by a revaluation based on a physical inspection of the property.

18 (b) "Value increase" means the appraised value minus the true and
19 fair value listed on the tax roll for the assessment year before the
20 year of revaluation.

21 (2) If the revaluation plan for a county does not provide for
22 annual revaluations, the county assessor, with the approval of the
23 department of revenue under RCW 84.41.041, may elect to phase in
24 valuation increases under this section. If this election is made, it
25 applies to all increased revaluations of real property made by the
26 county assessor during the assessment year. This section does not
27 apply to decreases in value.

28 (3) The assessor shall calculate a phased-in value for each parcel
29 for each year in the revaluation cycle by increasing the valuation for
30 each year by an amount equal to the value increase divided by the
31 number of years in the cycle. The phased-in value for an assessment
32 year shall be used instead of the true and fair value for property tax
33 purposes.

34 **Sec. 16.** RCW 84.40.045 and 1977 ex.s. c 181 s 1 are each amended
35 to read as follows:

36 VALUATION NOTICES. The assessor shall give notice of any change in
37 the true and fair value of real property for the tract or lot of land

1 and any improvements thereon no later than thirty days after appraisal:
 2 PROVIDED, That no such notice shall be mailed during the period from
 3 January 15 to February 15 of each year: PROVIDED FURTHER, That no
 4 notice need be sent with respect to changes in valuation of forest land
 5 made pursuant to chapter 84.33 RCW.

6 The notice shall contain a statement of both the prior and the new
 7 true and fair value and the ratio of the assessed value to the true and
 8 fair value on which the assessment of the property is based, stating
 9 separately land ((and)), improvement, and total values, and a brief
 10 statement of the procedure for appeal to the board of equalization and
 11 the time, date, and place of the meetings of the board. If a valuation
 12 increase is phased in under section 15 of this act, the notice shall
 13 provide the following information in substantially the following
 14 format, as shown for a county with a four-year revaluation cycle:

	<u>Previous True and Fair Value</u>	<u>Current True and Fair Value</u>
15		
16	<u>Land</u> . . . . .	. . . . .
17	<u>Improvements</u> . . . . .	. . . . .
18	<u>Total</u> . . . . .	. . . . .

19 Under certain conditions, Washington law allows valuation
 20 increases to be phased in during a four-year period. The phased-in
 21 values for this property for the next four years will be:

	<u>For Taxes Due In</u>	<u>Phased-in Value</u>
22		
23	<u>(year 1)</u>	. . . . .
24	<u>(year 2)</u>	. . . . .
25	<u>(year 3)</u>	. . . . .
26	<u>(year 4)</u>	. . . . .

27 The notice shall be mailed by the assessor to the taxpayer.

28 If any taxpayer, as shown by the tax rolls, holds solely a
 29 security interest in the real property which is the subject of the
 30 notice, pursuant to a mortgage, contract of sale, or deed of trust,
 31 such taxpayer shall, upon written request of the assessor, supply,
 32 within thirty days of receipt of such request, to the assessor the name
 33 and address of the person making payments pursuant to the mortgage,
 34 contract of sale, or deed of trust, and thereafter such person shall
 35 also receive a copy of the notice provided for in this section. Wilful
 36 failure to comply with such request within the time limitation provided
 37 for herein shall make such taxpayer subject to a civil penalty of five

1 dollars for each parcel of real property within the scope of the
 2 request in which it holds the security interest, the aggregate of such
 3 penalties in any one year not to exceed five thousand dollars. The
 4 penalties provided for herein shall be recoverable in an action by the
 5 county prosecutor, and when recovered shall be deposited in the county
 6 current expense fund. The assessor shall make the request provided for
 7 by this section during the month of January.

8 NEW SECTION. Sec. 17. A new section is added to chapter 84.56
 9 RCW to read as follows:

10 TAX STATEMENTS. (1) Each tax statement shall include the amount
 11 of taxes due to each district for the current year and the previous
 12 year, with separately stated voter-approved and nonvoter-approved
 13 amounts. This information shall be provided in substantially the
 14 following format:

	This year		
	Voter Approved	Nonvoter approved	Total
17 District 1	. . . .	. . . .	. . . .
18 District 2	. . . .	. . . .	. . . .
19 Total	. . . .	. . . .	. . . .
	Last year		
	Voter Approved	Nonvoter approved	Total
22 District 1	. . . .	. . . .	. . . .
23 District 2	. . . .	. . . .	. . . .
24 Total	. . . .	. . . .	. . . .

25 (2) As used in this section, "voter-approved" includes any levy or
 26 portion of a levy approved by the voters of a taxing district,
 27 including but not limited to those under Article VII, section 2 of the
 28 state Constitution or chapter 84.55 RCW.

29 NEW SECTION. Sec. 18. CAPTIONS. Captions as used in this act
 30 do not constitute any part of the law.

31 NEW SECTION. Sec. 19. SEVERABILITY. If any provision of this
 32 act or its application to any person or circumstance is held invalid,
 33 the remainder of the act or the application of the provision to other
 34 persons or circumstances is not affected.

1 NEW SECTION. **Sec. 20.** EFFECTIVE YEAR. This act shall be
2 effective for taxes levied for collection in 1995 and thereafter.

3 NEW SECTION. **Sec. 21.** CONTINGENT ON CONSTITUTIONAL AMENDMENT.
4 This act shall take effect if the proposed amendment to Article VII of
5 the state Constitution, providing for a homestead exemption, is validly
6 submitted to and is approved and ratified by the voters at the next
7 general election. If the proposed amendment is not so approved and
8 ratified, this act is void in its entirety.

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