

CERTIFICATION OF ENROLLMENT

**SENATE BILL 5638**

Chapter 436, Laws of 1993

53rd Legislature  
1993 Regular Session

PROPERTY TAX VALUATION--CONSISTENCY WITH LAND USE PLAN  
OR DEVELOPMENT RESTRICTIONS

EFFECTIVE DATE: 7/25/93

Passed by the Senate March 15, 1993  
YEAS 48 NAYS 0

JOEL PRITCHARD

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**President of the Senate**

Passed by the House April 24, 1993  
YEAS 96 NAYS 0

BRIAN EBERSOLE

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**Speaker of the  
House of Representatives**

Approved May 15, 1993

MIKE LOWRY

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**Governor of the State of Washington**

CERTIFICATE

I, Marty Brown, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5638** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MARTY BROWN

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**Secretary**

FILED

May 15, 1993 - 1:51 p.m.

**Secretary of State  
State of Washington**

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**SENATE BILL 5638**

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Passed Legislature - 1993 Regular Session

**State of Washington                      53rd Legislature                      1993 Regular Session**

**By** Senators Skratek, Drew, Roach, Haugen, Quigley, M. Rasmussen and Oke  
Read first time 02/05/93.      Referred to Committee on Government  
Operations.

1            AN ACT Relating to taxation of property affected by growth  
2 management regulations; and amending RCW 84.40.030.

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

4            **Sec. 1.** RCW 84.40.030 and 1988 c 222 s 14 are each amended to read  
5 as follows:

6            All property shall be valued at one hundred percent of its true and  
7 fair value in money and assessed on the same basis unless specifically  
8 provided otherwise by law.

9            Taxable leasehold estates shall be valued at such price as they  
10 would bring at a fair, voluntary sale for cash without any deductions  
11 for any indebtedness owed including rentals to be paid.  
12 Notwithstanding any other provisions of this section or of any other  
13 statute, when the value of any taxable leasehold estate created prior  
14 to January 1, 1971 is being determined for assessment years prior to  
15 the assessment year 1973, there shall be deducted from what would  
16 otherwise be the value thereof the present worth of the rentals and  
17 other consideration which may be required of the lessee by the lessor  
18 for the unexpired term thereof:      PROVIDED, That the foregoing  
19 provisions of this sentence shall not apply to any extension or

1 renewal, made after December 31, 1970 of the term of any such estate,  
2 or to any such estate after the date, if any, provided for in the  
3 agreement for rental renegotiation.

4 The true and fair value of real property for taxation purposes  
5 (including property upon which there is a coal or other mine, or stone  
6 or other quarry) shall be based upon the following criteria:

7 (1) Any sales of the property being appraised or similar properties  
8 with respect to sales made within the past five years. The appraisal  
9 shall (~~take into consideration political restrictions such as~~) be  
10 consistent with the comprehensive land use plan, development  
11 regulations under chapter 36.70A RCW, zoning, and any other  
12 governmental policies or practices in effect at the time of appraisal  
13 that affect the use of property, as well as physical and environmental  
14 influences. The appraisal shall also take into account, (a) in the use  
15 of sales by real estate contract as similar sales, the extent, if any,  
16 to which the stated selling price has been increased by reason of the  
17 down payment, interest rate, or other financing terms; and (b) the  
18 extent to which the sale of a similar property actually represents the  
19 general effective market demand for property of such type, in the  
20 geographical area in which such property is located. Sales involving  
21 deed releases or similar seller-developer financing arrangements shall  
22 not be used as sales of similar property.

23 (2) In addition to sales as defined in subsection (1),  
24 consideration may be given to cost, cost less depreciation,  
25 reconstruction cost less depreciation, or capitalization of income that  
26 would be derived from prudent use of the property. In the case of  
27 property of a complex nature, or being used under terms of a franchise  
28 from a public agency, or operating as a public utility, or property not  
29 having a record of sale within five years and not having a significant  
30 number of sales of similar property in the general area, the provisions  
31 of this subsection (2) shall be the dominant factors in valuation.  
32 When provisions of this subsection (2) are relied upon for establishing  
33 values the property owner shall be advised upon request of the factors  
34 used in arriving at such value.

35 (3) In valuing any tract or parcel of real property, the value of  
36 the land, exclusive of structures thereon shall be determined; also the  
37 value of structures thereon, but the valuation shall not exceed the  
38 value of the total property as it exists. In valuing agricultural  
39 land, growing crops shall be excluded.

Passed the Senate March 15, 1993.  
Passed the House April 24, 1993.  
Approved by the Governor May 15, 1993.  
Filed in Office of Secretary of State May 15, 1993.