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5 On page 59, after line 38, insert the following:

6 "NEW SECTION. Sec. 68. The intent of sections 69 and 70 of this
7 act is to provide property tax relief by limiting property tax
8 valuation increases to five percent per year until the ownership of the
9 property changes.

10 NEW SECTION. Sec. 69. (1) As used in section 70 of this act,
11 "change of ownership" means a transfer of a present interest in real
12 property, including a transfer of the beneficial use of real property.

13 (2) "Change of ownership" includes, except as provided in
14 subsections (3) and (4) of this section, the following:

15 (a) Contracting to convey the title to or ownership of real
16 property upon the fulfillment of one or more stated conditions where
17 the right to possession of the property is transferred currently.

18 (b) The creation, transfer, or termination of a joint tenancy
19 interest.

20 (c) The creation, transfer, or termination of a tenancy-in-common
21 interest.

22 (d) The vesting of a right of possession or enjoyment of a
23 remainder or reversionary interest that occurs upon the termination of
24 a life estate or other similar precedent property interest.

25 (e) An interest that vests in persons other than the trustor where
26 a revocable trust becomes irrevocable.

27 (f) The transfer of stock of a cooperative housing corporation,
28 vested with legal title to real property, that conveys to the
29 transferee the exclusive right to occupancy and possession of such
30 property, or a portion of the property.

31 (3) "Change of ownership" does not include:

32 (a) A transfer between co-owners that results in a change in the
33 method of holding title to the real property transferred without
34 changing the proportional interests of the co-owners in the real
35 property, such as a partition of a tenancy-in-common.

1 (b) A transfer for the purpose of merely perfecting title to the
2 real property.

3 (c) The creation, assignment, termination, or reconveyance of a
4 security interest in real property; or the substitution of a trustee
5 under a security instrument.

6 (d) A transfer of real property by the trustor, or by the trustor's
7 spouse, or by both, into a trust for so long as the transferor is the
8 sole present beneficiary of the trust, or the trust is revocable; or
9 any transfer of real property by a trustee of such trust back to the
10 trustor.

11 (e) A transfer of real property by an instrument whose terms
12 reserve to the transferor an estate for years or an estate for life.
13 However, the termination of such an estate for years or life estate
14 shall constitute a change of ownership.

15 (f) A transfer of real property between or among the same parties
16 for the purpose of correcting or reforming a deed to express the true
17 intention of the parties, if the original relationship between the
18 grantor and grantee is not changed.

19 (4) "Change of ownership" also does not include an interspousal
20 transfer of real property, including, but not limited to:

21 (a) Transfers to a trustee for the beneficial use of a spouse, or
22 the surviving spouse of a deceased transferor, or by a trustee of such
23 trust to the spouse of the trustor;

24 (b) Transfers that take effect upon the death of a spouse;

25 (c) Transfers to a spouse or former spouse in connection with a
26 property settlement agreement or decree of dissolution of marriage or
27 legal separation; and

28 (d) The creation, transfer, or termination, solely between spouses,
29 of any co-owner's interest.

30 NEW SECTION. Sec. 70. (1) The assessed value of real property for
31 which there has been a change of ownership since the previous
32 assessment shall be equal to true and fair value as determined under
33 RCW 84.40.030.

34 (2) The assessed value of real property that is not assessed under
35 subsection (1) of this section, shall be equal to the lesser of the
36 following values at the time of valuation:

37 (a) True and fair market value as established by the county
38 assessor in accordance with applicable law; or

1 (b) The most recent assessed value of the property increased on
2 January 1 each year thereafter by five percent, compounded annually,
3 plus the portion of the true and fair market value attributable to any
4 construction or alteration not included in the previous assessment,
5 other than improvements exempt under RCW 84.36.400 for the assessment
6 year.

7 NEW SECTION. **Sec. 71.** Sections 69 and 70 of this act are each
8 added to chapter 84.40 RCW.

9 NEW SECTION. **Sec. 72.** Sections 68 through 70 of this act shall
10 take effect January 1, 1996, if the proposed amendment to the state
11 Constitution authorizing limitation of taxation in the manner provided
12 by section 70 of this act is validly submitted to and is approved and
13 ratified by the voters at a general election held in November 1995. If
14 the proposed amendment is not so approved and ratified, sections 68
15 through 70 of this act are void in their entirety."

16 Renumber remaining sections, correct internal references, and
17 correct the title

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