
SENATE BILL 5024

State of Washington 56th Legislature 1999 Regular Session

By Senators Loveland and Winsley

Read first time 01/11/1999. Referred to Committee on Ways & Means.

1 AN ACT Relating to clarifying statutes to be consistent with the
2 state supreme court decision on property tax value averaging; amending
3 RCW 84.04.030, 84.40.030, 84.40.040, 84.40.045, 84.41.041, 84.48.010,
4 84.48.065, 84.48.075, 84.48.080, 84.12.270, 84.12.280, 84.12.310,
5 84.12.330, 84.12.350, 84.12.360, 84.16.040, 84.16.050, 84.16.090,
6 84.16.110, 84.16.120, 84.36.041, 84.52.063, and 84.70.010; reenacting
7 and amending RCW 84.40.020; and repealing RCW 84.04.018 and 84.40.0305.

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

9 **Sec. 1.** RCW 84.04.030 and 1997 c 3 s 102 (Referendum Bill No. 47)
10 are each amended to read as follows:

11 "Assessed value of property" shall be held and construed to mean
12 the aggregate valuation of the property subject to taxation by any
13 taxing district as (~~determined under RCW 84.40.0305, reduced by the~~
14 ~~value of any applicable exemptions under RCW 84.36.381 or other law,~~
15 ~~and~~)) placed on the last completed and balanced tax rolls of the county
16 preceding the date of any tax levy.

1 **Sec. 2.** RCW 84.40.020 and 1997 c 239 s 2 and 1997 c 3 s 103
2 (Referendum Bill No. 47) are each reenacted and amended to read as
3 follows:

4 All real property in this state subject to taxation shall be listed
5 and assessed every year, with reference to its ~~((appraised and~~
6 ~~assessed))~~ value~~((s))~~ on the first day of January of the year in which
7 it is assessed. Such listing and all supporting documents and records
8 shall be open to public inspection during the regular office hours of
9 the assessor's office: PROVIDED, That confidential income data is
10 hereby exempted from public inspection as noted in RCW 42.17.260 and
11 42.17.310. All personal property in this state subject to taxation
12 shall be listed and assessed every year, with reference to its value
13 and ownership on the first day of January of the year in which it is
14 assessed: PROVIDED, That if the stock of goods, wares, merchandise or
15 material, whether in a raw or finished state or in process of
16 manufacture, owned or held by any taxpayer on January 1 of any year
17 does not fairly represent the average stock carried by such taxpayer,
18 such stock shall be listed and assessed upon the basis of the monthly
19 average of stock owned or held by such taxpayer during the preceding
20 calendar year or during such portion thereof as the taxpayer was
21 engaged in business.

22 **Sec. 3.** RCW 84.40.030 and 1998 c 320 s 9 are each amended to read
23 as follows:

24 All ~~((personal))~~ property shall be valued at one hundred percent of
25 its true and fair value in money and assessed on the same basis unless
26 specifically provided otherwise by law.

27 ~~((All real property shall be appraised at one hundred percent of~~
28 ~~its true and fair value in money and assessed as provided in RCW~~
29 ~~84.40.0305 unless specifically provided otherwise by law.))~~

30 Taxable leasehold estates shall be valued at such price as they
31 would bring at a fair, voluntary sale for cash without any deductions
32 for any indebtedness owed including rentals to be paid.

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

36 (1) Any sales of the property being appraised or similar properties
37 with respect to sales made within the past five years. The appraisal
38 shall be consistent with the comprehensive land use plan, development

1 regulations under chapter 36.70A RCW, zoning, and any other
2 governmental policies or practices in effect at the time of appraisal
3 that affect the use of property, as well as physical and environmental
4 influences. An assessment may not be determined by a method that
5 assumes a land usage not permitted, for that property being appraised,
6 under existing zoning or land use planning ordinances or statutes. The
7 appraisal shall also take into account: (a) In the use of sales by
8 real estate contract as similar sales, the extent, if any, to which the
9 stated selling price has been increased by reason of the down payment,
10 interest rate, or other financing terms; and (b) the extent to which
11 the sale of a similar property actually represents the general
12 effective market demand for property of such type, in the geographical
13 area in which such property is located. Sales involving deed releases
14 or similar seller-developer financing arrangements shall not be used as
15 sales of similar property.

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

28 (3) In valuing any tract or parcel of real property, the (~~true and~~
29 ~~fair~~) value of the land, exclusive of structures thereon shall be
30 determined; also the (~~true and fair~~) value of structures thereon, but
31 the (~~appraised~~) valuation shall not exceed the (~~true and fair~~)
32 value of the total property as it exists. In valuing agricultural
33 land, growing crops shall be excluded.

34 **Sec. 4.** RCW 84.40.040 and 1997 c 3 s 106 (Referendum Bill No. 47)
35 are each amended to read as follows:

36 The assessor shall begin the preliminary work for each assessment
37 not later than the first day of December of each year in all counties
38 in the state. The assessor shall also complete the duties of listing

1 and placing valuations on all property by May 31st of each year, except
2 that the listing and valuation of construction and mobile homes under
3 RCW 36.21.080 and 36.21.090 shall be completed by August 31st of each
4 year, and in the following manner, to wit:

5 The assessor shall actually determine as nearly as practicable the
6 true and fair value of each tract or lot of land listed for taxation
7 and of each improvement located thereon and shall enter ((as the
8 appraised value)) one hundred percent of the ((true and fair)) value of
9 such land and of the total ((true and fair)) value of such
10 improvements, together with the total of such one hundred percent
11 valuations, opposite each description of property on the assessment
12 list and tax roll.

13 ((The assessor shall determine the assessed value, under RCW
14 84.40.0305, for each tract or lot of land listed for taxation,
15 including improvements located thereon, and shall also enter this value
16 opposite each description of property on the assessment list and tax
17 roll.))

18 The assessor shall make an alphabetical list of the names of all
19 persons in the county liable to assessment of personal property, and
20 require each person to make a correct list and statement of such
21 property according to the standard form prescribed by the department of
22 revenue, which statement and list shall include, if required by the
23 form, the year of acquisition and total original cost of personal
24 property in each category of the prescribed form, and shall be signed
25 and verified under penalty of perjury by the person listing the
26 property: PROVIDED, That the assessor may list and value improvements
27 on publicly owned land in the same manner as real property is listed
28 and valued, including conformance with the revaluation program required
29 under chapter 84.41 RCW. Such list and statement shall be filed on or
30 before the last day of April. The assessor shall on or before the 1st
31 day of January of each year mail a notice to all such persons at their
32 last known address that such statement and list is required, such
33 notice to be accompanied by the form on which the statement or list is
34 to be made: PROVIDED, That the notice mailed by the assessor to each
35 taxpayer each year shall, if practicable, include the statement and
36 list of personal property of the taxpayer for the preceding year. Upon
37 receipt of such statement and list the assessor shall thereupon
38 determine the true and fair value of the property included in such
39 statement and enter one hundred percent of the same on the assessment

1 roll opposite the name of the party assessed; and in making such entry
2 in the assessment list, the assessor shall give the name and post
3 office address of the party listing the property, and if the party
4 resides in a city the assessor shall give the street and number or
5 other brief description of the party's residence or place of business.
6 The assessor may, after giving written notice of the action to the
7 person to be assessed, add to the assessment list any taxable property
8 which should be included in such list.

9 **Sec. 5.** RCW 84.40.045 and 1997 c 3 s 107 (Referendum Bill No. 47)
10 are each amended to read as follows:

11 The assessor shall give notice of any change in the (~~assessed~~)
12 true and fair value of real property for the tract or lot of land and
13 any improvements thereon no later than thirty days after appraisal:
14 PROVIDED, That no such notice shall be mailed during the period from
15 January 15 to February 15 of each year: PROVIDED FURTHER, That no
16 notice need be sent with respect to changes in valuation of forest land
17 made pursuant to chapter 84.33 RCW.

18 The notice shall contain a statement of both the prior and the new
19 (~~appraised and assessed~~) true and fair value(~~s~~) and the ratio of
20 the assessed value to the true and fair value on which the assessment
21 of the property is based, stating separately land and improvement
22 (~~appraised~~) values, and a brief statement of the procedure for appeal
23 to the board of equalization and the time, date, and place of the
24 meetings of the board.

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

26 If any taxpayer, as shown by the tax rolls, holds solely a security
27 interest in the real property which is the subject of the notice,
28 pursuant to a mortgage, contract of sale, or deed of trust, such
29 taxpayer shall, upon written request of the assessor, supply, within
30 thirty days of receipt of such request, to the assessor the name and
31 address of the person making payments pursuant to the mortgage,
32 contract of sale, or deed of trust, and thereafter such person shall
33 also receive a copy of the notice provided for in this section.
34 Willful failure to comply with such request within the time limitation
35 provided for herein shall make such taxpayer subject to a maximum civil
36 penalty of five thousand dollars. The penalties provided for herein
37 shall be recoverable in an action by the county prosecutor, and when
38 recovered shall be deposited in the county current expense fund. The

1 assessor shall make the request provided for by this section during the
2 month of January.

3 **Sec. 6.** RCW 84.41.041 and 1997 c 3 s 108 (Referendum Bill No. 47)
4 are each amended to read as follows:

5 Each county assessor shall cause taxable real property to be
6 physically inspected and valued at least once every six years in
7 accordance with RCW 84.41.030, and in accordance with a plan filed with
8 and approved by the department of revenue. Such revaluation plan shall
9 provide that a reasonable portion of all taxable real property within
10 a county shall be revalued and these newly-determined values placed on
11 the assessment rolls each year. The department may approve a plan that
12 provides that all property in the county be revalued every two years.
13 If the revaluation plan provides for physical inspection at least once
14 each four years, during the intervals between each physical inspection
15 of real property, the ((appraised)) valuation of such property may be
16 adjusted to its current true and fair value, such adjustments to be
17 based upon appropriate statistical data. If the revaluation plan
18 provides for physical inspection less frequently than once each four
19 years, during the intervals between each physical inspection of real
20 property, the ((appraised)) valuation of such property shall be
21 adjusted to its current true and fair value, such adjustments to be
22 made once each year and to be based upon appropriate statistical data.
23 ((If the appraised valuation is changed, the assessed value shall be
24 recalculated under RCW 84.40.0305.))

25 The assessor may require property owners to submit pertinent data
26 respecting taxable property in their control including data respecting
27 any sale or purchase of said property within the past five years, the
28 cost and characteristics of any improvement on the property and other
29 facts necessary for appraisal of the property.

30 **Sec. 7.** RCW 84.48.010 and 1997 c 3 s 109 (Referendum Bill No. 47)
31 are each amended to read as follows:

32 Prior to July 15th, the county legislative authority shall form a
33 board for the equalization of the assessment of the property of the
34 county. The members of said board shall receive a per diem amount as
35 set by the county legislative authority for each day of actual
36 attendance of the meeting of the board of equalization to be paid out
37 of the current expense fund of the county: PROVIDED, That when the

1 county legislative authority constitute the board they shall only
2 receive their compensation as members of the county legislative
3 authority. The board of equalization shall meet in open session for
4 this purpose annually on the 15th day of July and, having each taken an
5 oath fairly and impartially to perform their duties as members of such
6 board, they shall examine and compare the returns of the assessment of
7 the property of the county and proceed to equalize the same, so that
8 ~~((the appraised value of))~~ each tract or lot of real property and each
9 article or class of personal property shall be entered on the
10 assessment list at its true and fair value, according to the measure of
11 value used by the county assessor in such assessment year, ~~((and so
12 that the assessed value of each tract or lot of real property is
13 entered on the assessment list at its correct amount))~~ which is
14 presumed to be correct under RCW 84.40.0301, and subject to the
15 following rules:

16 First. They shall raise the ~~((appraised))~~ valuation of each tract
17 or lot or item of real property which is returned below its true and
18 fair value to such price or sum as to be the true and fair value
19 thereof, ~~((and raise the assessed valuation of each tract or lot or
20 item of real property which is returned below its correct amount to the
21 correct amount))~~ after at least five days' notice shall have been given
22 in writing to the owner or agent.

23 Second. They shall reduce the ~~((appraised))~~ valuation of each
24 tract or lot or item which is returned above its true and fair value to
25 such price or sum as to be the true and fair value thereof ~~((and reduce
26 the assessed valuation of each tract or lot or item of real property
27 which is returned above its correct amount to the correct amount))~~.

28 Third. They shall raise the valuation of each class of personal
29 property which is returned below its true and fair value to such price
30 or sum as to be the true and fair value thereof, and they shall raise
31 the aggregate value of the personal property of each individual
32 whenever the aggregate value is less than the true valuation of the
33 taxable personal property possessed by such individual, to such sum or
34 amount as to be the true value thereof, after at least five days'
35 notice shall have been given in writing to the owner or agent thereof.

36 Fourth. They shall reduce the valuation of each class of personal
37 property enumerated on the detail and assessment list of the current
38 year, which is returned above its true and fair value, to such price or
39 sum as to be the true and fair value thereof; and they shall reduce the

1 aggregate valuation of the personal property of such individual who has
2 been assessed at too large a sum to such sum or amount as was the true
3 and fair value of the personal property.

4 Fifth. The board may review all claims for either real or personal
5 property tax exemption as determined by the county assessor, and shall
6 consider any taxpayer appeals from the decision of the assessor thereon
7 to determine (1) if the taxpayer is entitled to an exemption, and (2)
8 if so, the amount thereof.

9 The clerk of the board shall keep an accurate journal or record of
10 the proceedings and orders of said board showing the facts and evidence
11 upon which their action is based, and the said record shall be
12 published the same as other proceedings of county legislative
13 authority, and shall make a true record of the changes of the
14 descriptions and (~~appraised~~) assessed values ordered by the county
15 board of equalization. The assessor shall (~~recalculate assessed~~
16 ~~values and~~) correct the real and personal assessment rolls in
17 accordance with the changes made by the said county board of
18 equalization, and the assessor shall make duplicate abstracts of such
19 corrected values, one copy of which shall be retained in the office,
20 and one copy forwarded to the department of revenue on or before the
21 eighteenth day of August next following the meeting of the county board
22 of equalization.

23 The county board of equalization shall meet on the 15th day of July
24 and may continue in session and adjourn from time to time during a
25 period not to exceed four weeks, but shall remain in session not less
26 than three days: PROVIDED, That the county board of equalization with
27 the approval of the county legislative authority may convene at any
28 time when petitions filed exceed twenty-five, or ten percent of the
29 number of appeals filed in the preceding year, whichever is greater.

30 No taxes, except special taxes, shall be extended upon the tax
31 rolls until the property valuations are equalized by the department of
32 revenue for the purpose of raising the state revenue.

33 County legislative authorities as such shall at no time have any
34 authority to change the valuation of the property of any person or to
35 release or commute in whole or in part the taxes due on the property of
36 any person.

37 **Sec. 8.** RCW 84.48.065 and 1997 c 3 s 110 (Referendum Bill No. 47)
38 are each amended to read as follows:

1 (1) The county assessor or treasurer may cancel or correct
2 assessments on the assessment or tax rolls which are erroneous due to
3 manifest errors in description, double assessments, clerical errors in
4 extending the rolls, (~~clerical errors in calculating the assessed~~
5 ~~value under RCW 84.40.0305,~~) and such manifest errors in the listing
6 of the property which do not involve a revaluation of property, except
7 in the case that a taxpayer produces proof that an authorized land use
8 authority has made a definitive change in the property's land use
9 designation. In such a case, correction of the assessment or tax rolls
10 may be made notwithstanding the fact that the action involves a
11 revaluation of property. Manifest errors that do not involve a
12 revaluation of property include the assessment of property exempted by
13 law from taxation or the failure to deduct the exemption allowed by law
14 to the head of a family. When the county assessor cancels or corrects
15 an assessment, the assessor shall send a notice to the taxpayer in
16 accordance with RCW 84.40.045, advising the taxpayer that the action
17 has been taken and notifying the taxpayer of the right to appeal the
18 cancellation or correction to the county board of equalization, in
19 accordance with RCW 84.40.038. When the county assessor or treasurer
20 cancels or corrects an assessment, a record of such action shall be
21 prepared, setting forth therein the facts relating to the error. The
22 record shall also set forth by legal description all property belonging
23 exclusively to the state, any county, or any municipal corporation
24 whose property is exempt from taxation, upon which there remains,
25 according to the tax roll, any unpaid taxes. No manifest error
26 cancellation or correction, including a cancellation or correction made
27 due to a definitive change of land use designation, shall be made for
28 any period more than three years preceding the year in which the error
29 is discovered.

30 (2)(a) In the case of a definitive change of land use designation,
31 an assessor shall make corrections that involve a revaluation of
32 property to the assessment roll when:

33 (i) The assessor and taxpayer have signed an agreement as to the
34 true and fair value of the taxpayer's property setting forth in the
35 agreement the valuation information upon which the agreement is based;
36 and

37 (ii) The assessment roll has previously been certified in
38 accordance with RCW 84.40.320.

1 (b) In all other cases, an assessor shall make corrections that
2 involve a revaluation of property to the assessment roll when:

3 (i) The assessor and taxpayer have signed an agreement as to the
4 true and fair value of the taxpayer's property setting forth in the
5 agreement the valuation information upon which the agreement is based;
6 and

7 (ii) The following conditions are met:

8 (A) The assessment roll has previously been certified in accordance
9 with RCW 84.40.320;

10 (B) The taxpayer has timely filed a petition with the county board
11 of equalization pursuant to RCW 84.40.038 for the current assessment
12 year;

13 (C) The county board of equalization has not yet held a hearing on
14 the merits of the taxpayer's petition.

15 (3) The assessor shall issue a supplementary roll or rolls
16 including such cancellations and corrections, and the assessment and
17 levy shall have the same force and effect as if made in the first
18 instance, and the county treasurer shall proceed to collect the taxes
19 due on the rolls as modified.

20 **Sec. 9.** RCW 84.48.075 and 1997 c 3 s 111 (Referendum Bill No. 47)
21 are each amended to read as follows:

22 (1) The department of revenue shall annually, prior to the first
23 Monday in September, determine and submit to each assessor a
24 preliminary indicated ratio for each county: PROVIDED, That the
25 department shall establish rules and regulations pertinent to the
26 determination of the indicated ratio, the indicated real property ratio
27 and the indicated personal property ratio: PROVIDED FURTHER, That
28 these rules and regulations may provide that data, as is necessary for
29 said determination, which is available from the county assessor of any
30 county and which has been audited as to its validity by the department,
31 shall be utilized by the department in determining the indicated ratio.

32 (2) To such extent as is reasonable, the department may define use
33 classes of property for the purposes of determination of the indicated
34 ratio. Such use classes may be defined with respect to property use
35 and may include agricultural, open space, timber and forest lands.

36 (3) The department shall review each county's preliminary ratio
37 with the assessor, a landowner, or an owner of an intercounty public
38 utility or private car company of that county, if requested by the

1 assessor, a landowner, or an owner of an intercounty public utility or
2 private car company of that county, respectively, between the first and
3 third Mondays of September. Prior to equalization of assessments
4 pursuant to RCW 84.48.080 and after the third Monday of September, the
5 department shall certify to each county assessor the real and personal
6 property ratio for that county.

7 (4) The department of revenue shall also examine procedures used by
8 the assessor to assess real and personal property in the county,
9 including calculations, use of prescribed value schedules, and efforts
10 to locate all taxable property in the county. If any examination by
11 the department discloses other than market value is being listed (~~as~~
12 ~~appraised value~~) on the county assessment rolls of the county by the
13 assessor and, after due notification by the department, is not
14 corrected, the department of revenue shall, in accordance with rules
15 adopted by the department, adjust the ratio of that type of property,
16 which adjustment shall be used for determining the county's indicated
17 ratio.

18 **Sec. 10.** RCW 84.48.080 and 1997 c 3 s 112 (Referendum Bill No. 47)
19 are each amended to read as follows:

20 (1) Annually during the months of September and October, the
21 department of revenue shall examine and compare the returns of the
22 assessment of the property in the several counties of the state, and
23 the assessment of the property of railroad and other companies assessed
24 by the department, and proceed to equalize the same, so that each
25 county in the state shall pay its due and just proportion of the taxes
26 for state purposes for such assessment year, according to the ratio the
27 (~~assessed~~) valuation of the property in each county bears to the
28 (~~correct~~) total (~~assessed~~) valuation of all property in the state.

29 First. The department shall classify all property, real and
30 personal, and shall raise and lower the (~~assessed~~) valuation of any
31 class of property in any county to a value that shall be equal, so far
32 as possible, to the (~~correct assessed~~) true and fair value of such
33 class as of January 1st of the current year (~~(, after determining the~~
34 ~~correct appraised value, and any adjustment applicable under RCW~~
35 ~~84.40.0305 for the property,)) for the purpose of ascertaining the just
36 amount of tax due from each county for state purposes. In equalizing
37 personal property as of January 1st of the current year, the department
38 shall use the assessment level of the preceding year. Such~~

1 classification may be on the basis of types of property, geographical
2 areas, or both. For purposes of this section, for each county that has
3 not provided the department with an assessment return by December 1st,
4 the department shall proceed, using facts and information and in a
5 manner it deems appropriate, to estimate the value of each class of
6 property in the county.

7 Second. The department shall keep a full record of its proceedings
8 and the same shall be published annually by the department.

9 (2) The department shall levy the state taxes authorized by law.
10 The amount levied in any one year for general state purposes shall not
11 exceed the lawful dollar rate on the dollar of the assessed value of
12 the property of the entire state (~~as equalized under this section~~),
13 which assessed value shall be one hundred percent of the true and fair
14 value of the property in money. The department shall apportion the
15 amount of tax for state purposes levied by the department, among the
16 several counties, in proportion to the (~~assessed~~) valuation of the
17 taxable property of the county for the year as equalized by the
18 department: PROVIDED, That for purposes of this apportionment, the
19 department shall recompute the previous year's levy and the
20 apportionment thereof to correct for changes and errors in taxable
21 values reported to the department after October 1 of the preceding year
22 and shall adjust the apportioned amount of the current year's state
23 levy for each county by the difference between the apportioned amounts
24 established by the original and revised levy computations for the
25 previous year. For purposes of this section, changes in taxable values
26 mean a final adjustment made by a county board of equalization, the
27 state board of tax appeals, or a court of competent jurisdiction and
28 shall include additions of omitted property, other additions or
29 deletions from the assessment or tax rolls, any assessment return
30 provided by a county to the department subsequent to December 1st, or
31 a change in the indicated ratio of a county. Errors in taxable values
32 mean errors corrected by a final reviewing body.

33 In addition to computing a levy under this subsection that is
34 reduced under RCW 84.55.012, the department shall compute a
35 hypothetical levy without regard to the reduction under RCW 84.55.012.
36 This hypothetical levy shall also be apportioned among the several
37 counties in proportion to the valuation of the taxable property of the
38 county for the year, as equalized by the department, in the same manner
39 as the actual levy and shall be used by the county assessors for the

1 purpose of recomputing and establishing a consolidated levy under RCW
2 84.52.010.

3 (3) The department shall have authority to adopt rules and
4 regulations to enforce obedience to its orders in all matters in
5 relation to the returns of county assessments, the equalization of
6 values, and the apportionment of the state levy by the department.

7 (4) After the completion of the duties prescribed in this section,
8 the director of the department shall certify the record of the
9 proceedings of the department under this section, the tax levies made
10 for state purposes and the apportionment thereof among the counties,
11 and the certification shall be available for public inspection.

12 **Sec. 11.** RCW 84.12.270 and 1997 c 3 s 113 (Referendum Bill No. 47)
13 are each amended to read as follows:

14 The department of revenue shall annually make an assessment of the
15 operating property of all companies; and between the fifteenth day of
16 March and the first day of July of each of said years shall prepare an
17 assessment roll upon which it shall enter and assess the ((~~assessed~~))
18 true and fair value of all the operating property of each of such
19 companies as of the first day of January of the year in which the
20 assessment is made. For the purpose of determining the ((~~assessed~~))
21 true and fair value of such property the department of revenue may
22 inspect the property belonging to said companies and may take into
23 consideration any information or knowledge obtained by it from such
24 examination and inspection of such property, or of the books, records
25 and accounts of such companies, the statements filed as required by
26 this chapter, the reports, statements or returns of such companies
27 filed in the office of any board, office or commission of this state or
28 any county thereof, the earnings and earning power of such companies,
29 the franchises owned or used by such companies, the assessed valuation
30 of any and all property of such companies, whether operating or
31 nonoperating property, and whether situated within or outside the
32 state, and any other facts, evidence or information that may be
33 obtainable bearing upon the value of the operating property: PROVIDED,
34 That in no event shall any statement or report required from any
35 company by this chapter be conclusive upon the department of revenue in
36 determining the amount, character and ((~~assessed~~)) true and fair value
37 of the operating property of such company.

1 **Sec. 12.** RCW 84.12.280 and 1998 c 335 s 2 are each amended to read
2 as follows:

3 (~~(1)~~) In making the assessment of the operating property of any
4 railroad or logging railroad company and in the apportionment of the
5 values and the taxation thereof, all land occupied and claimed
6 exclusively as the right-of-way for railroads, with all the tracks and
7 substructures and superstructures which support the same, together with
8 all side tracks, second tracks, turn-outs, station houses, depots,
9 round houses, machine shops, or other buildings belonging to the
10 company, used in the operation thereof, without separating the same
11 into land and improvements, shall be assessed as real property. And
12 the rolling stock and other movable property belonging to any railroad
13 or logging railroad company shall be considered as personal property
14 and taxed as such: PROVIDED, That all of the operating property of
15 street railway companies shall be assessed and taxed as personal
16 property.

17 (~~(2)~~) All of the operating property of airplane companies,
18 telegraph companies, pipe line companies, and all of the operating
19 property other than lands and buildings of electric light and power
20 companies, telephone companies, and gas companies shall be assessed and
21 taxed as personal property.

22 (~~(3) Notwithstanding subsections (1) and (2) of this section, the~~
23 ~~limit provided under RCW 84.40.0305 shall be applied in the assessment~~
24 ~~of property under this section to the same extent as that limit is~~
25 ~~generally applied to property not assessed under this chapter.))~~

26 **Sec. 13.** RCW 84.12.310 and 1997 c 3 s 115 (Referendum Bill No. 47)
27 are each amended to read as follows:

28 For the purpose of determining the system value of the operating
29 property of any such company, the department of revenue shall deduct
30 from the (~~assessed~~) true and fair value of the total assets of such
31 company, the (~~assessed~~) actual cash value of all nonoperating
32 property owned by such company. For such purpose the department of
33 revenue may require of the assessors of the various counties within
34 this state a detailed list of such company's properties assessed by
35 them, together with the assessable or assessed value thereof:
36 PROVIDED, That such assessed or assessable value shall be advisory only
37 and not conclusive on the department of revenue as to the value
38 thereof.

1 **Sec. 14.** RCW 84.12.330 and 1998 c 335 s 3 are each amended to read
2 as follows:

3 Upon the assessment roll shall be placed after the name of each
4 company a general description of the operating property of the company,
5 which shall be considered sufficient if described in the language of
6 RCW 84.12.200(12), as applied to the company, following which shall be
7 entered the ((~~assessed~~)) true and fair value of the operating property
8 as determined by the department of revenue. No assessment shall be
9 invalidated by reason of a mistake in the name of the company assessed,
10 or the omission of the name of the owner or by the entry as owner of a
11 name other than that of the true owner. When the department of revenue
12 shall have prepared the assessment roll and entered thereon the
13 ((~~assessed~~)) true and fair value of the operating property of the
14 company, as herein required, it shall notify the company by mail of the
15 valuation determined by it and entered upon the roll.

16 **Sec. 15.** RCW 84.12.350 and 1997 c 3 s 117 (Referendum Bill No. 47)
17 are each amended to read as follows:

18 Upon determination by the department of revenue of the ((~~assessed~~))
19 true and fair value of the property appearing on such rolls it shall
20 apportion such value to the respective counties entitled thereto, as
21 hereinafter provided, and shall determine the equalized assessed
22 valuation of such property in each such county and in the several
23 taxing districts therein, by applying to such actual apportioned value
24 the same ratio as the ratio of assessed to ((~~the correct assessed~~))
25 actual value of the general property in such county: PROVIDED, That,
26 whenever the amount of the true and correct ((~~assessed~~)) value of the
27 operating property of any company otherwise apportionable to any county
28 or other taxing district shall be less than two hundred fifty dollars,
29 such amount need not be apportioned to such county or taxing district
30 but may be added to the amount apportioned to an adjacent county or
31 taxing district.

32 **Sec. 16.** RCW 84.12.360 and 1998 c 335 s 4 are each amended to read
33 as follows:

34 The true and fair value of the operating property assessed to a
35 company, as fixed and determined by the department of revenue, shall be
36 apportioned by the department of revenue to the respective counties and

1 to the taxing districts thereof wherein such property is located in the
2 following manner:

3 (1) Property of all railroad companies other than street railroad
4 companies, telegraph companies and pipe line companies--upon the basis
5 of that proportion of the value of the total operating property within
6 the state which the mileage of track, as classified by the department
7 of revenue (in case of railroads), mileage of wire (in the case of
8 telegraph companies), and mileage of pipe line (in the case of pipe
9 line companies) within each county or taxing district bears to the
10 total mileage thereof within the state, at the end of the calendar year
11 last past. For the purpose of such apportionment the department may
12 classify railroad track.

13 (2) Property of street railroad companies, telephone companies,
14 electric light and power companies, and gas companies--upon the basis
15 of relative value of the operating property within each county and
16 taxing district to the value of the total operating property within the
17 state to be determined by such factors as the department of revenue
18 shall deem proper.

19 (3) Planes or other aircraft of airplane companies--upon the basis
20 of such factor or factors of allocation, to be determined by the
21 department of revenue, as will secure a substantially fair and
22 equitable division between counties and other taxing districts.

23 All other property of airplane companies--upon the basis set forth
24 in subsection (2) of this section.

25 The basis of apportionment with reference to all public utility
26 companies above prescribed shall not be deemed exclusive and the
27 department of revenue in apportioning values of such companies may also
28 take into consideration such other information, facts, circumstances,
29 or allocation factors as will enable it to make a substantially just
30 and correct valuation of the operating property of such companies
31 within the state and within each county thereof.

32 **Sec. 17.** RCW 84.16.040 and 1997 c 3 s 119 (Referendum Bill No. 47)
33 are each amended to read as follows:

34 The department of revenue shall annually make an assessment of the
35 operating property of each private car company; and between the first
36 day of May and the first day of July of each of said years shall
37 prepare an assessment roll upon which it shall enter and assess the
38 (~~assessed~~) true and fair value of all the operating property of each

1 of such companies as of the first day of January of the year in which
2 the assessment is made. For the purpose of determining the
3 ((assessed)) true and fair value of such property the department of
4 revenue may take into consideration any information or knowledge
5 obtained by it from an examination and inspection of such property, or
6 of the books, records and accounts of such companies, the statements
7 filed as required by this chapter, the reports, statements or returns
8 of such companies filed in the office of any board, office or
9 commission of this state or any county thereof, the earnings and
10 earning power of such companies, the franchises owned or used by such
11 companies, the assessed valuation of any and all property of such
12 companies, whether operating property or nonoperating property, and
13 whether situated within or without the state, and any other facts,
14 evidences or information that may be obtainable bearing upon the value
15 of the operating property: PROVIDED, That in no event shall any
16 statement or report required from any company by this chapter be
17 conclusive upon the department of revenue in determining the amount,
18 character and ((assessed)) true and fair value of the operating
19 property of such company.

20 **Sec. 18.** RCW 84.16.050 and 1997 c 3 s 120 (Referendum Bill No. 47)
21 are each amended to read as follows:

22 The department of revenue may, in determining the ((assessed)) true
23 and fair value of the operating property to be placed on the assessment
24 roll value the entire property as a unit. If the company owns, leases,
25 operates or uses property partly within and partly without the state,
26 the department of revenue may determine the value of the operating
27 property within this state by the proportion that the value of such
28 property bears to the value of the entire operating property of the
29 company, both within and without this state. In determining the
30 operating property which is located within this state the department of
31 revenue may consider and base such determination on the proportion
32 which the number of car miles of the various classes of cars made in
33 this state bears to the total number of car miles made by the same cars
34 within and without this state, or to the total number of car miles made
35 by all cars of the various classes within and without this state. If
36 the value of the operating property of the company cannot be fairly
37 determined in such manner the department of revenue may use any other

1 reasonable and fair method to determine the value of the operating
2 property of the company within this state.

3 **Sec. 19.** RCW 84.16.090 and 1997 c 3 s 121 (Referendum Bill No. 47)
4 are each amended to read as follows:

5 Upon the assessment roll shall be placed after the name of each
6 company a general description of the operating property of the company,
7 which shall be considered sufficient if described in the language of
8 RCW 84.16.010(3) or otherwise, following which shall be entered the
9 ((~~assessed~~)) true and fair value of the operating property as
10 determined by the department of revenue. No assessment shall be
11 invalid by a mistake in the name of the company assessed, by omission
12 of the name of the owner or by the entry of a name other than that of
13 the true owner. When the department of revenue shall have prepared the
14 assessment roll and entered thereon the ((~~assessed~~)) true and fair
15 value of the operating property of the company, as required, it shall
16 notify the company by mail of the valuation determined by it and
17 entered upon the roll; and thereupon such ((~~assessed~~)) valuation shall
18 become the ((~~assessed~~)) true and fair value of the operating property
19 of the company, subject to revision or correction by the department of
20 revenue as hereinafter provided; and shall be the valuation upon which,
21 after equalization by the department of revenue as hereinafter
22 provided, the taxes of such company shall be based and computed.

23 **Sec. 20.** RCW 84.16.110 and 1997 c 3 s 122 (Referendum Bill No. 47)
24 are each amended to read as follows:

25 Upon determination by the department of revenue of the true and
26 ((~~correct assessed~~)) fair value of the property appearing on such rolls
27 the department shall apportion such value to the respective counties
28 entitled thereto as hereinafter provided, and shall determine the
29 equalized or assessed valuation of such property in such counties by
30 applying to such actual apportioned value the same ratio as the ratio
31 of assessed to ((~~the correct assessed~~)) actual value of the general
32 property of the respective counties: PROVIDED, That, whenever the
33 amount of the true and correct ((~~assessed~~)) value of the operating
34 property of any company otherwise apportionable to any county shall be
35 less than two hundred fifty dollars, such amount need not be
36 apportioned to such county but may be added to the amount apportioned
37 to an adjacent county.

1 **Sec. 21.** RCW 84.16.120 and 1997 c 3 s 123 (Referendum Bill No. 47)
2 are each amended to read as follows:

3 The ((assessed)) true and fair value of the property of each
4 company as fixed and determined by the department of revenue as herein
5 provided shall be apportioned to the respective counties in the
6 following manner:

7 (1) If all the operating property of the company is situated
8 entirely within a county and none of such property is located within,
9 extends into, or through or is operated into or through any other
10 county, the entire value thereof shall be apportioned to the county
11 within which such property is situated, located, and operated.

12 (2) If the operating property of any company is situated or located
13 within, extends into or is operated into or through more than one
14 county, the value thereof shall be apportioned to the respective
15 counties into or through which its cars are operated in the proportion
16 that the length of main line track of the respective railroads moving
17 such cars in such counties bears to the total length of main line track
18 of such respective railroads in this state.

19 (3) If the property of any company is of such character that it
20 will not be reasonable, feasible or fair to apportion the value as
21 hereinabove provided, the value thereof shall be apportioned between
22 the respective counties into or through which such property extends or
23 is operated or in which the same is located in such manner as may be
24 reasonable, feasible and fair.

25 **Sec. 22.** RCW 84.36.041 and 1998 c 311 s 20 are each amended to
26 read as follows:

27 (1) All real and personal property used by a nonprofit home for the
28 aging that is reasonably necessary for the purposes of the home is
29 exempt from taxation if the benefit of the exemption inures to the home
30 and:

31 (a) At least fifty percent of the occupied dwelling units in the
32 home are occupied by eligible residents; or

33 (b) The home is subsidized under a federal department of housing
34 and urban development program. The department of revenue shall provide
35 by rule a definition of homes eligible for exemption under this
36 subsection (b), consistent with the purposes of this section.

37 (2) All real and personal property used by a nonprofit home for the
38 aging that is reasonably necessary for the purposes of the home is

1 exempt from taxation if the benefit of the exemption inures to the home
2 and the construction, rehabilitation, acquisition, or refinancing of
3 the home is financed under a program using bonds exempt from federal
4 income tax if at least seventy-five percent of the total amount
5 financed uses the tax exempt bonds and the financing program requires
6 the home to reserve a percentage of all dwelling units so financed for
7 low-income residents. The initial term of the exemption under this
8 subsection shall equal the term of the tax exempt bond used in
9 connection with the financing program, or the term of the requirement
10 to reserve dwelling units for low-income residents, whichever is
11 shorter. If the financing program involves less than the entire home,
12 only those dwelling units included in the financing program are
13 eligible for total exemption. The department of revenue shall provide
14 by rule the requirements for monitoring compliance with the provisions
15 of this subsection and the requirements for exemption including:

16 (a) The number or percentage of dwelling units required to be
17 occupied by low-income residents, and a definition of low income;

18 (b) The type and character of the dwelling units, whether
19 independent units or otherwise; and

20 (c) Any particular requirements for continuing care retirement
21 communities.

22 (3) A home for the aging is eligible for a partial exemption on the
23 real property and a total exemption for the home's personal property if
24 the home does not meet the requirements of subsection (1) of this
25 section because fewer than fifty percent of the occupied dwelling units
26 are occupied by eligible residents, as follows:

27 (a) A partial exemption shall be allowed for each dwelling unit in
28 a home occupied by a resident requiring assistance with activities of
29 daily living.

30 (b) A partial exemption shall be allowed for each dwelling unit in
31 a home occupied by an eligible resident.

32 (c) A partial exemption shall be allowed for an area jointly used
33 by a home for the aging and by a nonprofit organization, association,
34 or corporation currently exempt from property taxation under one of the
35 other provisions of this chapter. The shared area must be reasonably
36 necessary for the purposes of the nonprofit organization, association,
37 or corporation exempt from property taxation under one of the other
38 provisions of this chapter, such as kitchen, dining, and laundry areas.

1 (d) The amount of exemption shall be calculated by multiplying the
2 assessed value of the property reasonably necessary for the purposes of
3 the home, less the assessed value of any area exempt under (c) of this
4 subsection, by a fraction. The numerator of the fraction is the number
5 of dwelling units occupied by eligible residents and by residents
6 requiring assistance with activities of daily living. The denominator
7 of the fraction is the total number of occupied dwelling units as of
8 January 1st of the year for which exemption is claimed.

9 (4) To be exempt under this section, the property must be used
10 exclusively for the purposes for which the exemption is granted, except
11 as provided in RCW 84.36.805.

12 (5) A home for the aging is exempt from taxation only if the
13 organization operating the home is exempt from income tax under section
14 501(c) of the federal internal revenue code as existing on January 1,
15 1989, or such subsequent date as the director may provide by rule
16 consistent with the purposes of this section.

17 (6) In order for the home to be eligible for exemption under
18 subsections (1)(a) and ~~((+2))~~ (3)(b) of this section, each eligible
19 resident of a home for the aging shall submit an income verification
20 form to the county assessor by July 1st of the assessment year in which
21 the application for exemption is made. The income verification form
22 shall be prescribed and furnished by the department of revenue. An
23 eligible resident who has filed a form for a previous year need not
24 file a new form until there is a change in status affecting the
25 person's eligibility.

26 (7) In determining the ~~((assessed))~~ true and fair value of a home
27 for the aging for purposes of the partial exemption provided by
28 subsection (3) of this section, the assessor shall apply the
29 computation method provided by RCW 84.34.060 and shall consider only
30 the use to which such property is applied during the years for which
31 such partial exemptions are available and shall not consider potential
32 uses of such property.

33 (8) As used in this section:

34 (a) "Eligible resident" means a person who:

35 (i) Occupied the dwelling unit as a principal place of residence as
36 of January 1st of the year for which the exemption is claimed.
37 Confinement of the person to a hospital or nursing home does not
38 disqualify the claim of exemption if the dwelling unit is temporarily

1 unoccupied or if the dwelling unit is occupied by a spouse, a person
2 financially dependent on the claimant for support, or both; and

3 (ii) Is sixty-one years of age or older on December 31st of the
4 year in which the exemption claim is filed, or is, at the time of
5 filing, retired from regular gainful employment by reason of physical
6 disability. Any surviving spouse of a person who was receiving an
7 exemption at the time of the person's death shall qualify if the
8 surviving spouse is fifty-seven years of age or older and otherwise
9 meets the requirements of this subsection; and

10 (iii) Has a combined disposable income of no more than the greater
11 of twenty-two thousand dollars or eighty percent of the median income
12 adjusted for family size as most recently determined by the federal
13 department of housing and urban development for the county in which the
14 person resides. For the purposes of determining eligibility under this
15 section, a "cotenant" means a person who resides with an eligible
16 resident and who shares personal financial resources with the eligible
17 resident.

18 (b) "Combined disposable income" means the disposable income of the
19 person submitting the income verification form, plus the disposable
20 income of his or her spouse, and the disposable income of each cotenant
21 occupying the dwelling unit for the preceding calendar year, less
22 amounts paid by the person submitting the income verification form or
23 his or her spouse or cotenant during the previous year for the
24 treatment or care of either person received in the dwelling unit or in
25 a nursing home. If the person submitting the income verification form
26 was retired for two months or more of the preceding year, the combined
27 disposable income of such person shall be calculated by multiplying the
28 average monthly combined disposable income of such person during the
29 months such person was retired by twelve. If the income of the person
30 submitting the income verification form is reduced for two or more
31 months of the preceding year by reason of the death of the person's
32 spouse, the combined disposable income of such person shall be
33 calculated by multiplying the average monthly combined disposable
34 income of such person after the death of the spouse by twelve.

35 (c) "Disposable income" means adjusted gross income as defined in
36 the federal internal revenue code, as amended prior to January 1, 1989,
37 or such subsequent date as the director may provide by rule consistent
38 with the purpose of this section, plus all of the following items to

1 the extent they are not included in or have been deducted from adjusted
2 gross income:

3 (i) Capital gains, other than ((~~nonrecognized gain on the sale of~~
4 ~~a principal residence under section 1034 of the federal internal~~
5 ~~revenue code, or~~)) gain excluded from income under section 121 of the
6 federal internal revenue code to the extent it is reinvested in a new
7 principal residence;

8 (ii) Amounts deducted for loss;

9 (iii) Amounts deducted for depreciation;

10 (iv) Pension and annuity receipts;

11 (v) Military pay and benefits other than attendant-care and
12 medical-aid payments;

13 (vi) Veterans benefits other than attendant-care and medical-aid
14 payments;

15 (vii) Federal social security act and railroad retirement benefits;

16 (viii) Dividend receipts; and

17 (ix) Interest received on state and municipal bonds.

18 (d) "Resident requiring assistance with activities of daily living"
19 means a person who requires significant assistance with the activities
20 of daily living and who would be at risk of nursing home placement
21 without this assistance.

22 (e) "Home for the aging" means a residential housing facility that
23 (i) provides a housing arrangement chosen voluntarily by the resident,
24 the resident's guardian or conservator, or another responsible person;
25 (ii) has only residents who are at least sixty-one years of age or who
26 have needs for care generally compatible with persons who are at least
27 sixty-one years of age; and (iii) provides varying levels of care and
28 supervision, as agreed to at the time of admission or as determined
29 necessary at subsequent times of reappraisal.

30 (9) A for-profit home for the aging that converts to nonprofit
31 status after June 11, 1992, and would otherwise be eligible for tax
32 exemption under this section may not receive the tax exemption until
33 five years have elapsed since the conversion. The exemption shall then
34 be ratably granted over the next five years.

35 **Sec. 23.** RCW 84.52.063 and 1997 c 3 s 125 (Referendum Bill No. 47)
36 are each amended to read as follows:

37 A rural library district may impose a regular property tax levy in
38 an amount equal to that which would be produced by a levy of fifty

1 cents per thousand dollars of assessed value multiplied by an
2 ((equalized)) assessed valuation equal to one hundred percent of the
3 true and fair value of the taxable property in the rural library
4 district, as determined by the department of revenue's indicated county
5 ratio: PROVIDED, That when any county assessor shall find that the
6 aggregate rate of levy on any property will exceed the limitation set
7 forth in RCW 84.52.043 and 84.52.050, as now or hereafter amended,
8 before recomputing and establishing a consolidated levy in the manner
9 set forth in RCW 84.52.010, the assessor shall first reduce the levy of
10 any rural library district, by such amount as may be necessary, but the
11 levy of any rural library district shall not be reduced to less than
12 fifty cents per thousand dollars against the value of the taxable
13 property, as determined by the county, prior to any further adjustments
14 pursuant to RCW 84.52.010. For purposes of this section "regular
15 property tax levy" shall mean a levy subject to the limitations
16 provided for in Article VII, section 2 of the state Constitution and/or
17 by statute.

18 **Sec. 24.** RCW 84.70.010 and 1997 c 3 s 126 (Referendum Bill No. 47)
19 are each amended to read as follows:

20 (1) If, on or before December 31 in any calendar year, any real or
21 personal property placed upon the assessment roll of that year is
22 destroyed in whole or in part, or is in an area that has been declared
23 a disaster area by the governor and has been reduced in value by more
24 than twenty percent as a result of a natural disaster, the ((assessed))
25 true and fair value of such property shall be reduced for that year by
26 an amount determined as follows:

27 (a) First take the ((assessed)) true and fair value of such taxable
28 property before destruction or reduction in value and deduct therefrom
29 the true and fair value of the remaining property after destruction or
30 reduction in value.

31 (b) Then divide any amount remaining by the number of days in the
32 year and multiply the quotient by the number of days remaining in the
33 calendar year after the date of the destruction or reduction in value
34 of the property.

35 (2) No reduction in the ((assessed)) true and fair value shall be
36 made more than three years after the date of destruction or reduction
37 in value.

1 (3) The assessor shall make such reduction on his or her own
2 motion; however, the taxpayer may make application for reduction on
3 forms prepared by the department and provided by the assessor. The
4 assessor shall notify the taxpayer of the amount of reduction.

5 (4) If destroyed property is replaced prior to the valuation dates
6 contained in RCW 36.21.080 and 36.21.090, the total taxable value for
7 that year shall not exceed the value as of the appropriate valuation
8 date in RCW 36.21.080 or 36.21.090, whichever is appropriate.

9 (5) The taxpayer may appeal the amount of reduction to the county
10 board of equalization within thirty days of notification or July 1st of
11 the year of reduction, whichever is later. The board shall reconvene,
12 if necessary, to hear the appeal.

13 NEW SECTION. **Sec. 25.** The following acts or parts of acts are
14 each repealed:

15 (1) RCW 84.04.018 and 1997 c 3 s 101 (Referendum Bill No. 47); and

16 (2) RCW 84.40.0305 and 1997 c 3 s 105 (Referendum Bill No. 47).

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