
SENATE BILL 5187

State of Washington

58th Legislature

2003 Regular Session

By Senators Benton and Stevens

Read first time 01/17/2003. Referred to Committee on Ways & Means.

1 AN ACT Relating to property taxes; adding a new section to chapter
2 84.36 RCW; adding a new section to chapter 84.40 RCW; and creating new
3 sections.

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

5 NEW SECTION. **Sec. 1.** The intent of this act is to provide
6 property tax relief by setting base years for property tax valuation
7 computation, and limiting the tax assessed on real property.

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

10 The definitions in this section apply throughout this section and
11 section 3 of this act unless the context clearly requires otherwise.

12 (1) "Base value" means the following, as appropriate:

13 (a) The assessed value for 2000 determined under RCW 84.40.030 of
14 property acquired in or before 2000;

15 (b) The assessed value determined under RCW 84.40.030 of the
16 property for the year in which the property is acquired;

17 (c) The assessed true and fair value as determined under RCW

1 84.40.030 for all property that has significantly improved since the
2 last assessment; or

3 (d) The assessed true and fair value as determined under RCW
4 84.40.030 for all property that has changed or transferred ownership
5 since the last assessment.

6 (2)(a) "Change of ownership" and "transfer of ownership" are
7 equivalent, and mean a transfer of a present interest in real property,
8 including a transfer of the beneficial use of real property.

9 (b) "Change of ownership" and "transfer of ownership" include,
10 except as provided in (c) of this subsection:

11 (i) Contracting to convey the title to or ownership of real
12 property upon the fulfillment of one or more stated conditions if the
13 right to possession of the property is transferred currently;

14 (ii) The creation, transfer, or termination of a joint tenancy
15 interest;

16 (iii) The creation, transfer, or termination of a tenancy-in-common
17 interest;

18 (iv) The vesting of a right of possession or enjoyment of a
19 remainder or reversionary interest that occurs upon the termination of
20 a life estate or other similar precedent property interest;

21 (v) An interest that vests in persons other than the trustor if a
22 revocable trust becomes irrevocable; and

23 (vi) The transfer of stock of a cooperative housing corporation,
24 vested with legal title to real property, that conveys to the
25 transferee the exclusive right to occupancy and possession of the
26 property or a portion of the property.

27 (c) "Change of ownership" does not include:

28 (i) A transfer between co-owners that results in a change in the
29 method of holding title to the real property transferred without
30 changing the proportional interests of the co-owners in the real
31 property, such as a partition of a tenancy in common;

32 (ii) A transfer for the purpose of merely perfecting title to the
33 real property;

34 (iii) The creation, assignment, termination, or reconveyance of a
35 security interest in real property, or the substitution of a trustee
36 under a security instrument;

37 (iv) A transfer of real property by the trustor, or by the
38 trustor's spouse, or by both, into a trust for so long as the

1 transferor is the sole present beneficiary of the trust, or the trust
2 is revocable, or any transfer of real property by a trustee of such
3 trust back to the trustor;

4 (v) A transfer of real property by an instrument whose terms
5 reserve to the transferor an estate for years or an estate for life.
6 However, the termination of such an estate for years or life estate
7 shall constitute a change of ownership;

8 (vi) A transfer of real property between or among the same parties
9 for the purpose of correcting or reforming a deed to express the true
10 intention of the parties, if the original relationship between the
11 grantor and grantee is not changed; or

12 (vii) An interspousal transfer of real property, including, but not
13 limited to:

14 (A) Transfers to a trustee for the beneficial use of a spouse, or
15 the surviving spouse of a deceased transferor, or by a trustee of the
16 trust to the spouse of the trustor;

17 (B) Transfers that take effect upon the death of a spouse;

18 (C) Transfers to a spouse or former spouse in connection with a
19 property settlement agreement or decree of dissolution of marriage or
20 legal separation; and

21 (D) The creation, transfer, or termination, solely between spouses,
22 of any co-owner's interest.

23 (3) "Significant improvement" means reconstruction, remodeling,
24 rehabilitation, extension, or enlargement of all property.

25 NEW SECTION. **Sec. 3.** A new section is added to chapter 84.40 RCW
26 to read as follows:

27 (1) All property tax assessments shall be computed using the base
28 value of a property.

29 (2) The definitions in section 2 of this act apply to this section.

30 NEW SECTION. **Sec. 4.** This act applies to taxes levied for
31 collection in 2004 and thereafter.

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