

HOUSE BILL REPORT

SHB 2611

As Passed House:
February 19, 2008

Title: An act relating to annual revaluations of property for property tax purposes.

Brief Description: Requiring annual revaluations of property for property tax purposes.

Sponsors: By House Committee on Finance (originally sponsored by Representatives McIntire, Condotta, Hunt, Lantz, Haigh and Chase).

Brief History:

Committee Activity:

Finance: 1/25/08, 2/12/08 [DPS].

Floor Activity:

Passed House: 2/19/08, 94-1.

Brief Summary of Substitute Bill

- Requires all counties to revalue real property annually by January 1, 2012.

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Conway, Ericks, McIntire, Roach and Santos.

Staff: Rick Peterson (786-7150).

Background:

Property subject to property tax is assessed at its true and fair value. In most cases, this is the market value in the property's highest and best use. The values are set as of January 1. These values are used for determining property bills to be collected in the following year.

County assessors establish new assessed values on a regular revaluation cycle. The length of revaluation cycles vary by county. Nineteen counties revalue every four years, one county uses a three-year revaluation cycle and one county is on a two-year schedule. For these

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

counties a proportionate share of the county is revalued during each year of the cycle. Individual property values are not changed during the intervening years of the revaluation cycle. Eighteen counties are on a program of annual updates. Values are adjusted annually based on market value statistical data.

As part of the revaluation plan properties are physically inspected. Physical inspections must be done at least once every four years for counties using four, three, or two- year revaluation cycles. Annual revaluation counties must physically inspect each property at least once every six years.

Summary of Substitute Bill:

By January 1, 2012, all counties must revalue real property annually. The Department of Revenue (DOR) will provide guidance and financial assistance to counties converting to annual revaluations. The mandate for annual revaluations is conditional upon the state providing funding and guidance. The DOR will operate a grant program to assist counties with converting to annual revaluations and for replacing computer systems used for revaluations. The DOR is required to explore cost-effective ways to purchase software and hardware on behalf of counties.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed. However, the bill is null and void unless funded in the budget.

Staff Summary of Public Testimony:

(In support) We have spent considerable time studying the multi-year counties and what it will take and what it will cost to allow them to adopt assessment practices that will take the spikes out of the property tax assessment process. Annual revaluation will provide taxpayers with greater certainty. It will be a helpful tool for taxpayers and counties, and especially helpful for those taxpayers experiencing a lot of angst about their property tax bills. This bill is essentially a one time funding request. Many property owners in Lewis County will have to wait two or three years to get their flood damaged property revalued because the county is on four year revaluation cycle and cannot revalue out of cycle. Annual revaluation promotes a more uniform valuation process. All counties need to be on the same page regarding revaluation cycles. It will make sharing of data and resources more accessible. It will smooth out the tax valuation process for taxpayers.

(Opposed) None.

Persons Testifying: Representative McIntire, prime sponsor; Diane Dorey, Lewis County Assessor; Terry McLaughlin, Cowlitz County Assessor; Robert Carlton, Washington Association of County Officials; and Amber Carter, Association of Washington Business.

Persons Signed In To Testify But Not Testifying: None.