

SENATE BILL REPORT

SB 6586

As of February 6, 2008

Title: An act relating to property taxes.

Brief Description: Limiting property taxation.

Sponsors: Senators Sheldon and Stevens.

Brief History:

Committee Activity: Ways & Means: 2/07/08.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: All real and personal property in Washington State is subject to property tax, unless a specific exemption is provided by law.

Property taxes are calculated for individual properties by multiplying a tax rate by the assessed value of each property. By statute, assessed value must be equal to 100 percent of the fair market value of the property, unless the property qualifies under a special tax relief program. Article 7, section 1 of the State Constitution provides that all taxes must be uniform on the same class of property. This means that taxes must be the same on property of the same value and requires both an equal rate and equality in valuing the property taxed.

Summary of Bill: Beginning with a base value of property in 2008, all owner-occupied residential property must be valued by the lesser of the fair market value of the property, or an increase of 1 percent, compounded annually, plus the portion of the true and fair value attributable to any improvements.

Upon an ownership change in a property, the property will be assessed at the true and fair value of the property. Each subsequent year the value will be the lesser of the fair market value of the property, or an increase of 1 percent, compounded annually, plus the portion of the true and fair value attributable to any improvements.

An ownership change means a transfer of a present interest in real property, including a transfer of the beneficial use of the
beneficial use of real property.

Definitions and examples are provided of what change in ownership is and what it is not.

Takes effect if SJR 8222, amending the constitution, is ratified by the voters.

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.

Appropriation: None.

Fiscal Note: Requested on January 20, 2008.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: CON: This is the same testimony I give every year on all property tax bills. When you look at the picture despite individual complaints, nationwide we are 27th or 28th overall. We support maintaining the current constitutional uniformity provisions. We stand for accurate notice and a fair appeal system.

Persons Testifying: CON: Amber Carter, Association of Washington Business.