
HOUSE BILL 2195

State of Washington**65th Legislature****2017 Regular Session**

By Representatives Koster, Maycumber, Haler, Taylor, MacEwen, Volz, Smith, Holy, Hargrove, Shea, Kretz, Schmick, Barkis, Young, Van Werven, Steele, and Buys

Read first time 03/31/17. Referred to Committee on Finance.

1 AN ACT Relating to requiring revaluation of property in response
2 to water rulings; adding a new section to chapter 84.40 RCW; creating
3 a new section; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** The legislature declares that court
6 rulings that impact a property owner's ability to withdraw water from
7 property have diminished rural property values and caused shifts of
8 the property tax burden to urban taxpayers. Two recent examples are
9 the Washington state supreme court rulings on minimum instream flow
10 levels for the Skagit river (*Swinomish Indian Tribal Community v. Dep't of Ecology*, 2013) and the ruling concerning how a county
11 demonstrates it is protecting surface and groundwater resources in
12 the rural element of its county comprehensive plans under the growth
13 management act (*Whatcom County v. W. Wash. Growth Mgmt. Hr'gs Bd.*,
14 2016 known as *Hirst*). Rulings like these generate significant
15 uncertainty and frustration for rural residents, and disrupt the
16 rural economy and construction trades. The legislature finds that
17 when court rulings diminish property values on rural or undeveloped
18 land, the result is a tax shift to all other parcels. The legislature
19 intends to expedite certainty in land transactions and the rural
20 economy by addressing the tax shift caused by water rulings.

1 Therefore, the legislature will require that all parcels be revalued
2 promptly following a court ruling that impacts a person's ability to
3 withdraw water from property, and that the administrative cost of
4 that reassessment of property be paid by the state.

5 **NEW SECTION.** **Sec. 2.** A new section is added to chapter 84.40
6 RCW to read as follows:

7 (1) If, on or before December 31st in any calendar year, water
8 supply to any real property placed upon the assessment roll of that
9 year is impacted by a water ruling, the property must be reassessed
10 to reflect the true and fair value of the property after the water
11 ruling.

12 (2) The assessor must make such a reduction within one year after
13 the water ruling; however, the taxpayer may apply for the reduction
14 on forms prepared by the department and provided by the assessor. The
15 assessor must notify the taxpayer of the amount of the reduction.

16 (3) The taxpayer may appeal the amount of reduction to the county
17 board of equalization in accordance with the provisions of RCW
18 84.40.038.

19 (4) For the purposes of this section, "water ruling" means any
20 federal or state appellate court ruling that impacts, directly or
21 indirectly, water supply to any parcel or parcels or the process or
22 procedures for proving the adequacy of water supply to a parcel as
23 well as any court ruling that requires a change in county ordinance,
24 comprehensive plan, development regulation, or procedures or policies
25 concerning approval of building permits under RCW 19.27.097 or
26 approval of subdivisions under RCW 58.17.110.

27 (5) If any reassessment has been conducted under this section,
28 the county assessor must prepare a report that includes, but is not
29 limited to, the number of parcels with reduced value and the number
30 of parcels to which a tax burden was shifted, and the extent of the
31 tax shift. The report is due to the department by March 1st for the
32 previous calendar year. The county must bill the state for the costs
33 of the reassessment and preparation of the report, and the state has
34 the obligation to appropriate sufficient money to cover the cost in
35 compliance with RCW 43.135.060.

36 **NEW SECTION.** **Sec. 3.** This act is necessary for the immediate
37 preservation of the public peace, health, or safety, or support of

1 the state government and its existing public institutions, and takes
2 effect immediately.

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