
ENGROSSED SENATE BILL 5454

State of Washington

67th Legislature

2021 Regular Session

By Senators Schoesler, Brown, Frockt, Honeyford, Padden, Rolfes, Van De Wege, Wagoner, Warnick, and Wilson, J.

Read first time 02/12/21. Referred to Committee on Ways & Means.

1 AN ACT Relating to creating a property tax exemption for homes
2 damaged by natural disasters; amending RCW 84.70.010; and creating
3 new sections.

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

5 **Sec. 1.** RCW 84.70.010 and 2005 c 56 s 1 are each amended to read
6 as follows:

7 (1) If, on or before December 31 in any calendar year, any real
8 or personal property placed upon the assessment roll of that year is
9 destroyed in whole or in part, or is in an area that has been
10 declared a disaster area by the governor or the county legislative
11 authority and has been reduced in value by more than twenty percent
12 as a result of a natural disaster, the true and fair value of such
13 property shall be reduced for that assessment year by an amount
14 determined by taking the true and fair value of such taxable property
15 before destruction or reduction in value and deduct therefrom the
16 true and fair value of the remaining property after destruction or
17 reduction in value.

18 (2) Taxes levied for collection in the year in which the true and
19 fair value has been reduced under subsection (1) of this section
20 shall be abated in whole or in part as provided in this subsection.
21 The amount of taxes to be abated shall be determined by first

1 multiplying the amount deducted from the true and fair value under
2 subsection (1) of this section by the rate of levy applicable to the
3 property in the tax year. Then divide the product by the number of
4 days in the year and multiply the quotient by the number of days
5 remaining in the calendar year after the date of the destruction or
6 reduction in value of the property. If taxes abated under this
7 section have been paid, the amount paid shall be refunded under RCW
8 84.69.020. The tax relief provided for in this section for the tax
9 year in which the damage or destruction occurred does not apply to
10 property damaged or destroyed voluntarily.

11 (3) No reduction in the true and fair value or abatements shall
12 be made more than three years after the date of destruction or
13 reduction in value.

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

18 (5) If destroyed property is replaced prior to the valuation
19 dates contained in RCW 36.21.080 and 36.21.090, the total taxable
20 value for that assessment year shall not exceed the value as of the
21 appropriate valuation date in RCW 36.21.080 or 36.21.090, whichever
22 is appropriate.

23 (6) The taxpayer may appeal the amount of reduction to the county
24 board of equalization in accordance with the provisions of RCW
25 84.40.038. The board shall reconvene, if necessary, to hear the
26 appeal.

27 (7) (a) Physical improvements to qualifying single-family
28 dwellings are exempt from taxation for three assessment years
29 subsequent to the completion of the improvement, subject to the
30 conditions and limitations in this subsection (7).

31 (b) The amount of the exemption provided in this subsection (7)
32 is limited to the amount of the reduction in value determined in
33 subsection (1) of this section with respect to the qualifying single-
34 family dwelling.

35 (c) (i) A taxpayer desiring to obtain the exemption provided in
36 this subsection (7) must file an application with the county assessor
37 on forms prescribed or approved by the department and made available
38 to the taxpayer by the county assessor. Except as provided in (c) (ii)
39 of this subsection (7), the application must be submitted by the
40 taxpayer before initiating construction of the improvement. County

1 assessors may not approve any application for exemption received
2 after June 30, 2026.

3 (ii) If a taxpayer has, before the effective date of this
4 section, initiated construction of physical improvements to a
5 qualifying single-family dwelling, the taxpayer may apply for the
6 exemption under this subsection (7) by October 1, 2021.

7 (d) The value of the improvements must be considered as new
8 construction for the purposes of chapters 36.21 and 84.55 RCW as
9 though the property was not exempt under this chapter.

10 (e) The department may adopt any rules necessary to administer
11 this section.

12 (f) For purposes of this subsection (7), the following
13 definitions apply:

14 (i) "Improvement" means any actual, material, and permanent
15 change to a qualifying single-family dwelling damaged as a result of
16 a natural disaster that increases the value of the dwelling.
17 "Improvement" also includes the construction of a new single-family
18 dwelling that replaces a qualifying single-family dwelling totally
19 destroyed as a result of a natural disaster.

20 (ii) "Qualifying single-family dwelling" means a single-family
21 dwelling:

22 (A) Upon real property located in an area that has been declared
23 a disaster area by the governor or the county legislative authority
24 and has been reduced in value by more than 20 percent as a result of
25 a natural disaster that occurred on or after August 31, 2020;

26 (B) That has received a reduction in the true and fair value
27 under subsection (1) of this section; and

28 (C) In which the legal or beneficial ownership is held by the
29 same individual or individuals who owned the property at the time
30 that it was reduced in value as a result of a natural disaster, or
31 their relatives. For the purpose of this subsection (7)(f)(ii),
32 "relative" means any individual related to another individual by
33 blood, marriage, or adoption.

34 (8) For purposes of this section, an area that has been declared
35 a disaster area by the governor includes areas within the scope of
36 the governor's request to the president of the United States for a
37 major disaster declaration.

38 NEW SECTION. Sec. 2. The provisions of RCW 82.32.805 and
39 82.32.808 do not apply to this act.

1 NEW SECTION. **Sec. 3.** This act applies for taxes levied for
2 collection in 2022 and thereafter.

--- **END** ---