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HOUSE BILL 1092

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State of Washington

68th Legislature

2023 Regular Session

By Representatives Walsh and Graham

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1 AN ACT Relating to the valuation of property for purposes of  
2 state property tax levies; and amending RCW 84.40.030.

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

4 **Sec. 1.** RCW 84.40.030 and 2022 c 16 s 167 are each amended to  
5 read as follows:

6 (1) ~~((All))~~ (a) Except as otherwise provided in (b) of this  
7 subsection, all property must be valued at ~~((one hundred))~~ 100  
8 percent of its true and fair value in money and assessed on the same  
9 basis unless specifically provided otherwise by law.

10 (b) For purposes of state property tax levies, all property must  
11 be valued at 75 percent of its true and fair value in money and  
12 assessed on the same basis unless specifically provided otherwise by  
13 law.

14 (2) Taxable leasehold estates must be valued at such price as  
15 they would bring at a fair, voluntary sale for cash without any  
16 deductions for any indebtedness owed including rentals to be paid.

17 (3) The true and fair value of real property for taxation  
18 purposes (including property upon which there is a coal or other  
19 mine, or stone or other quarry) must be based upon the following  
20 criteria:

1 (a) Any sales of the property being appraised or similar  
2 properties with respect to sales made within the past five years. The  
3 appraisal must be consistent with the comprehensive land use plan,  
4 development regulations under chapter 36.70A RCW, zoning, and any  
5 other governmental policies or practices in effect at the time of  
6 appraisal that affect the use of property, as well as physical and  
7 environmental influences. An assessment may not be determined by a  
8 method that assumes a land usage or highest and best use not  
9 permitted, for that property being appraised, under existing zoning  
10 or land use planning ordinances or statutes or other government  
11 restrictions. The appraisal must also take into account: (i) In the  
12 use of sales by real estate contract as similar sales, the extent, if  
13 any, to which the stated selling price has been increased by reason  
14 of the down payment, interest rate, or other financing terms; and  
15 (ii) the extent to which the sale of a similar property actually  
16 represents the general effective market demand for property of such  
17 type, in the geographical area in which such property is located.  
18 Sales involving deed releases or similar seller-developer financing  
19 arrangements may not be used as sales of similar property.

20 (b) In addition to sales as defined in subsection (3)(a) of this  
21 section, consideration may be given to cost, cost less depreciation,  
22 reconstruction cost less depreciation, or capitalization of income  
23 that would be derived from prudent use of the property, as limited by  
24 law or ordinance. Consideration should be given to any agreement,  
25 between an owner of rental housing and any government agency, that  
26 restricts rental income, appreciation, and liquidity; and to the  
27 impact of government restrictions on operating expenses and on  
28 ownership rights in general of such housing. In the case of property  
29 of a complex nature, or being used under terms of a franchise from a  
30 public agency, or operating as a public utility, or property not  
31 having a record of sale within five years and not having a  
32 significant number of sales of similar property in the general area,  
33 the provisions of this subsection must be the dominant factors in  
34 valuation. When provisions of this subsection are relied upon for  
35 establishing values the property owner must be advised upon request  
36 of the factors used in arriving at such value.

37 (c) In valuing any tract or parcel of real property, the true and  
38 fair value of the land, exclusive of structures thereon must be  
39 determined; also the true and fair value of structures thereon, but  
40 the valuation may not exceed the true and fair value of the total

1 property as it exists. In valuing agricultural land, growing crops  
2 must be excluded. For purposes of this subsection (3)(c), "growing  
3 crops" does not include cannabis as defined under RCW 69.50.101.

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