

WSR 21-01-210

PERMANENT RULES

DEPARTMENT OF REVENUE

[Filed December 23, 2020, 10:00 a.m., effective January 1, 2021]

Effective Date of Rule: January 1, 2021.

Other Findings Required by Other Provisions of Law as Precondition to Adoption or Effectiveness of Rule: The department is adopting these rules with an effective date of January 1 because, per statute, these rules provide rates used for refunds and property valuations during 2021.

Purpose: The department is amending:

- WAC 458-18-220 to provide the rate of interest for treasury bill auction year 2020, which is used when refunding property taxes paid in 2021, as required by RCW 84.69.100.
- WAC 458-30-262 to provide the interest rate and property tax component used when valuing classified farm and agricultural land during the 2021 assessment year, as required by RCW 84.34.065.
- WAC 458-30-590 to provide the rate of inflation published in 2020, which is used in calculating interest for deferred special benefit assessments of land removed or withdrawn from classification during 2021, as required by RCW 84.34.310.

Citation of Rules Affected by this Order: Amending WAC 458-18-220 Refunds—Rate of interest, 458-30-262 Agricultural land valuation—Interest rate—Property tax component, and 458-30-590 Rate of inflation—Publication—Interest rate—Calculation.

Statutory Authority for Adoption: RCW 84.34.065, 84.34.141, 84.34.360, and 84.69.100.

Adopted under notice filed as WSR 20-21-078 on October 19, 2020.

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, Amended 0, Repealed 0; Federal Rules or Standards: New 0, Amended 0, Repealed 0; or Recently Enacted State Statutes: New 0, Amended 0, Repealed 0.

Number of Sections Adopted at the Request of a Nongovernmental Entity: New 0, Amended 0, Repealed 0.

Number of Sections Adopted on the Agency's own Initiative: New 0, Amended 3, Repealed 0.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 0, Amended 0, Repealed 0.

Number of Sections Adopted using Negotiated Rule Making: New 0, Amended 0, Repealed 0; Pilot Rule Making: New 0, Amended 0, Repealed 0; or Other Alternative Rule Making: New 0, Amended 0, Repealed 0.

Date Adopted: December 23, 2020.

Atif Aziz  
Rules Coordinator

OTS-2694.1

AMENDATORY SECTION (Amending WSR 20-02-056, filed 12/24/19, effective 1/1/20)

**WAC 458-18-220 Refunds—Rate of interest.** (~~The following rates of interest apply~~) (1) Introduction. Interest applies to refunds of taxes made pursuant to RCW 84.69.010 through 84.69.090 in accordance with RCW 84.69.100. (~~The following rates~~) Interest also (~~apply~~) applies to judgments entered in favor of the plaintiff pursuant to RCW 84.68.030.

(2) Calculation of interest rate. The interest rate is (~~derived~~) calculated from the equivalent coupon issue yield of the average bill rate for twenty-six week treasury bills as determined at the first bill market auction conducted after June 30th of the calendar year preceding the date the taxes were paid.

(3) Interest rates. The (~~rate is~~) following rates are applied to the amount of the judgment or the amount of the refund, until paid:

| Year tax paid | Auction Year | Rate   |
|---------------|--------------|--------|
| 1984          | 1983         | 9.29%  |
| 1985          | 1984         | 11.27% |
| 1986          | 1985         | 7.36%  |
| 1987          | 1986         | 6.11%  |
| 1988          | 1987         | 5.95%  |
| 1989          | 1988         | 7.04%  |
| 1990          | 1989         | 8.05%  |
| 1991          | 1990         | 8.01%  |
| 1992          | 1991         | 5.98%  |
| 1993          | 1992         | 3.42%  |
| 1994          | 1993         | 3.19%  |
| 1995          | 1994         | 4.92%  |
| 1996          | 1995         | 5.71%  |
| 1997          | 1996         | 5.22%  |
| 1998          | 1997         | 5.14%  |
| 1999          | 1998         | 5.06%  |
| 2000          | 1999         | 4.96%  |
| 2001          | 2000         | 5.98%  |
| 2002          | 2001         | 3.50%  |
| 2003          | 2002         | 1.73%  |
| 2004          | 2003         | 0.95%  |
| 2005          | 2004         | 1.73%  |
| 2006          | 2005         | 3.33%  |
| 2007          | 2006         | 5.09%  |
| 2008          | 2007         | 4.81%  |
| 2009          | 2008         | 2.14%  |
| 2010          | 2009         | 0.29%  |
| 2011          | 2010         | 0.21%  |
| 2012          | 2011         | 0.08%  |
| 2013          | 2012         | 0.15%  |
| 2014          | 2013         | 0.085% |
| 2015          | 2014         | 0.060% |
| 2016          | 2015         | 0.085% |

| Year tax<br>paid | Auction<br>Year | Rate          |
|------------------|-----------------|---------------|
| 2017             | 2016            | 0.340%        |
| 2018             | 2017            | 1.130%        |
| 2019             | 2018            | 2.085%        |
| 2020             | 2019            | 2.040%        |
| <u>2021</u>      | <u>2020</u>     | <u>0.165%</u> |

[Statutory Authority: RCW 84.34.065, 84.34.141, 84.34.360, and 84.69.100. WSR 20-02-056, § 458-18-220, filed 12/24/19, effective 1/1/20; WSR 19-02-058, § 458-18-220, filed 12/27/18, effective 1/1/19; WSR 18-01-147, § 458-18-220, filed 12/20/17, effective 1/1/18; WSR 17-01-162, § 458-18-220, filed 12/21/16, effective 1/1/17; WSR 16-01-035, § 458-18-220, filed 12/9/15, effective 1/1/16; WSR 15-01-166, § 458-18-220, filed 12/23/14, effective 1/1/15; WSR 14-01-059, § 458-18-220, filed 12/13/13, effective 1/1/14; WSR 13-02-053, § 458-18-220, filed 12/26/12, effective 1/1/13; WSR 12-01-040, § 458-18-220, filed 12/13/11, effective 1/1/12. Statutory Authority: RCW 84.69.100. WSR 11-02-017, § 458-18-220, filed 12/29/10, effective 1/1/11; WSR 10-07-038, § 458-18-220, filed 3/10/10, effective 4/10/10; WSR 08-24-094, § 458-18-220, filed 12/2/08, effective 1/2/09; WSR 07-24-037, § 458-18-220, filed 11/30/07, effective 12/31/07; WSR 06-21-059, § 458-18-220, filed 10/16/06, effective 11/16/06; WSR 05-22-096, § 458-18-220, filed 11/1/05, effective 12/2/05; WSR 04-24-101, § 458-18-220, filed 12/1/04, effective 1/1/05; WSR 03-24-014, § 458-18-220, filed 11/20/03, effective 12/21/03; WSR 02-23-081, § 458-18-220, filed 11/19/02, effective 12/20/02; WSR 02-03-039, § 458-18-220, filed 1/8/02, effective 2/8/02; WSR 00-24-106, § 458-18-220, filed 12/6/00, effective 12/31/00; WSR 99-24-033, § 458-18-220, filed 11/23/99, effective 12/24/99. Statutory Authority: RCW 84.08.010, 84.08.070 and 84.69.100. WSR 99-01-066, § 458-18-220, filed 12/14/98, effective 1/1/99; WSR 98-01-177, § 458-18-220, filed 12/23/97, effective 1/1/98; WSR 97-02-068, § 458-18-220, filed 12/31/96, effective 1/1/97; WSR 96-01-093, § 458-18-220, filed 12/19/95, effective 1/1/96; WSR 95-06-044, § 458-18-220, filed 2/24/95, effective 3/27/95; WSR 94-05-063, § 458-18-220, filed 2/11/94, effective 3/14/94. Statutory Authority: RCW 84.08.010 and 84.69.100. WSR 93-06-096, § 458-18-220, filed 3/3/93, effective 4/3/93; WSR 92-17-027, § 458-18-220, filed 8/11/92, effective 9/11/92; WSR 91-15-024, § 458-18-220, filed 7/11/91, effective 8/11/91. Statutory Authority: RCW 84.69.100 and 84.08.010(2). WSR 89-10-067 (Order PT 89-6), § 458-18-220, filed 5/3/89; WSR 88-07-003 (Order PT 88-3), § 458-18-220, filed 3/3/88. Statutory Authority: RCW 84.69.100 as amended by 1987 c 319 and 84.08.010(2). WSR 87-19-141 (Order PT 87-7), § 458-18-220, filed 9/23/87.]

**OTS-2695.1**

AMENDATORY SECTION (Amending WSR 20-02-056, filed 12/24/19, effective 1/1/20)

**WAC 458-30-262 Agricultural land valuation—Interest rate—Property tax component.** For assessment year (~~(2020)~~) 2021, the interest rate and the property tax component that are used to value classified farm and agricultural lands are as follows:

- (1) The interest rate is (~~(5.47)~~) 5.70 percent; and
- (2) The property tax component for each county is:

| COUNTY       | PERCENT                            | COUNTY       | PERCENT                            |
|--------------|------------------------------------|--------------|------------------------------------|
| Adams        | <del>((1.22))</del><br><u>1.24</u> | Lewis        | 1.09                               |
| Asotin       | <del>((1.02))</del><br><u>1.07</u> | Lincoln      | <del>((1.09))</del><br><u>1.15</u> |
| Benton       | <del>((1.09))</del><br><u>1.15</u> | Mason        | <del>((1.05))</del><br><u>1.15</u> |
| Chelan       | <del>((0.98))</del><br><u>0.99</u> | Okanogan     | <del>((1.08))</del><br><u>1.15</u> |
| Clallam      | <del>((0.96))</del><br><u>1.01</u> | Pacific      | 1.20                               |
| Clark        | <del>((1.01))</del><br><u>1.08</u> | Pend Oreille | <del>((0.96))</del><br><u>1.01</u> |
| Columbia     | <del>((1.18))</del><br><u>1.19</u> | Pierce       | <del>((1.19))</del><br><u>1.27</u> |
| Cowlitz      | 1.05                               | San Juan     | 0.73                               |
| Douglas      | <del>((1.02))</del><br><u>1.09</u> | Skagit       | <del>((1.00))</del><br><u>1.08</u> |
| Ferry        | <del>((0.98))</del><br><u>1.02</u> | Skamania     | <del>((0.98))</del><br><u>1.07</u> |
| Franklin     | <del>((0.98))</del><br><u>0.99</u> | Snohomish    | <del>((1.01))</del><br><u>1.03</u> |
| Garfield     | <del>((0.90))</del><br><u>1.02</u> | Spokane      | <del>((1.17))</del><br><u>1.21</u> |
| Grant        | <del>((1.12))</del><br><u>1.15</u> | Stevens      | <del>((0.96))</del><br><u>0.95</u> |
| Grays Harbor | <del>((1.17))</del><br><u>1.22</u> | Thurston     | <del>((1.14))</del><br><u>1.26</u> |
| Island       | <del>((0.88))</del><br><u>0.90</u> | Wahkiakum    | <del>((0.78))</del><br><u>0.82</u> |
| Jefferson    | <del>((0.96))</del><br><u>1.00</u> | Walla Walla  | <del>((1.15))</del><br><u>1.24</u> |
| King         | <del>((0.96))</del><br><u>0.99</u> | Whatcom      | <del>((1.01))</del><br><u>1.05</u> |
| Kitsap       | <del>((1.01))</del><br><u>1.03</u> | Whitman      | <del>((1.33))</del><br><u>1.41</u> |
| Kittitas     | <del>((0.92))</del><br><u>0.90</u> | Yakima       | <del>((1.11))</del><br><u>1.20</u> |
| Klickitat    | <del>((0.94))</del><br><u>1.01</u> |              |                                    |

[Statutory Authority: RCW 84.34.065, 84.34.141, 84.34.360, and 84.69.100. WSR 20-02-056, § 458-30-262, filed 12/24/19, effective 1/1/20; WSR 19-02-058, § 458-30-262, filed 12/27/18, effective 1/1/19; WSR 18-01-147, § 458-30-262, filed 12/20/17, effective 1/1/18; WSR 17-01-162, § 458-30-262, filed 12/21/16, effective 1/1/17; WSR

16-01-035, § 458-30-262, filed 12/9/15, effective 1/1/16; WSR  
 15-01-166, § 458-30-262, filed 12/23/14, effective 1/1/15; WSR  
 14-01-059, § 458-30-262, filed 12/13/13, effective 1/1/14; WSR  
 13-02-053, § 458-30-262, filed 12/26/12, effective 1/1/13; WSR  
 12-01-040, § 458-30-262, filed 12/13/11, effective 1/1/12. Statutory  
 Authority: RCW 84.34.065 and 84.34.141. WSR 11-02-015, § 458-30-262,  
 filed 12/29/10, effective 1/1/11. Statutory Authority: RCW 84.34.055  
 and 84.34.141. WSR 10-09-049, § 458-30-262, filed 4/15/10, effective  
 5/16/10. Statutory Authority: RCW 84.34.065 and 84.34.141. WSR  
 10-02-025, § 458-30-262, filed 12/29/09, effective 1/1/10; WSR  
 08-24-093, § 458-30-262, filed 12/2/08, effective 1/2/09; WSR  
 08-04-051, § 458-30-262, filed 1/31/08, effective 3/2/08; WSR  
 07-01-011, § 458-30-262, filed 12/7/06, effective 1/1/07; WSR  
 05-24-028, § 458-30-262, filed 11/30/05, effective 1/1/06; WSR  
 05-01-051, § 458-30-262, filed 12/7/04, effective 1/1/05; WSR  
 03-24-013, § 458-30-262, filed 11/20/03, effective 12/21/03; WSR  
 02-23-080, § 458-30-262, filed 11/19/02, effective 12/20/02; WSR  
 02-03-040, § 458-30-262, filed 1/8/02, effective 2/8/02. Statutory Au-  
 thority: RCW 84.34.065, 84.34.360. WSR 00-24-105, § 458-30-262, filed  
 12/6/00, effective 1/1/01; WSR 99-24-034, § 458-30-262, filed  
 11/23/99, effective 1/1/00. Statutory Authority: RCW 84.34.065,  
 84.34.360 and 84.08.010. WSR 99-01-067, § 458-30-262, filed 12/14/98,  
 effective 1/1/99. Statutory Authority: RCW 84.34.065, 84.34.141 and  
 84.08.010. WSR 98-01-178, § 458-30-262, filed 12/23/97, effective  
 1/1/98. Statutory Authority: RCW 84.34.065, 84.34.141, 84.08.010 and  
 84.34.070. WSR 97-02-066, § 458-30-262, filed 12/31/96, effective  
 1/1/97. Statutory Authority: RCW 84.34.065, 84.34.141, 84.08.010 and  
 84.34.070. WSR 96-01-095, § 458-30-262, filed 12/19/95, effective  
 1/1/96. Statutory Authority: RCW 84.34.065, 84.34.141, 84.08.010 and  
 84.08.070. WSR 95-09-041, § 458-30-262, filed 4/14/95, effective  
 5/15/95. Statutory Authority: RCW 84.08.010, 84.08.070 and 84.34.065.  
 WSR 94-05-062, § 458-30-262, filed 2/11/94, effective 3/14/94. Statu-  
 tory Authority: RCW 84.08.010 and 84.08.070. WSR 93-07-067, §  
 458-30-262, filed 3/17/93, effective 4/17/93; WSR 92-03-068, §  
 458-30-262, filed 1/14/92, effective 2/14/92; WSR 91-04-001, §  
 458-30-262, filed 1/24/91, effective 2/24/91; WSR 90-24-087, §  
 458-30-262, filed 12/5/90, effective 1/5/91. Statutory Authority: RCW  
 84.08.010(2) and 84.34.141. WSR 90-02-080 (Order PT 90-1), §  
 458-30-262, filed 1/2/90, effective 2/2/90.]

### OTS-2696.1

AMENDATORY SECTION (Amending WSR 20-02-056, filed 12/24/19, effective 1/1/20)

**WAC 458-30-590 Rate of inflation—Publication—Interest rate—Calculation.** (1) **Introduction.** This rule provides the rates of inflation discussed in RCW 84.34.330 and WAC 458-30-550 Exemption—Removal or withdrawal. It also explains the department of revenue's (department) obligation to annually publish a rate of inflation and the manner in which this rate is determined.

(2) **General duty of department - Basis for inflation rate.** Each year the department determines and publishes a rule establishing an annual rate of inflation. This rate of inflation is used in computing the interest that is assessed when farm and agricultural or timber land, which are exempt from special benefit assessments, is withdrawn or removed from current use classification.

(a) The rate of inflation is based on the implicit price deflator for personal consumption expenditures calculated by the United States Department of Commerce. This rate is used to calculate the rate of interest collected on exempt special benefit assessments.

(b) The rate is published by December 31st of each year and applies to all withdrawals or removals from the farm and agricultural or timber land classifications that occur the following year.

(3) **Assessment of rate of interest.** An owner of classified farm and agricultural or timber land is liable for interest on the exempt special benefit assessment. Interest accrues from the date the local improvement district is created until the land is withdrawn or removed from classification. Interest accrues and is assessed in accordance with WAC 458-30-550.

(a) Interest is assessed only for the time (years and months) the land remains classified under RCW 84.34.020 (2) or (3).

(b) If the classified land is exempt from the special benefit assessment for more than one year, the annual inflation rates are used to calculate an average rate of interest. This average is determined by adding the inflation rate for each year the classified land was exempt from the special benefit assessment after the local improvement district was created. The sum of the inflation rates is then divided by the number of years involved to determine the applicable rate of interest.

(c) Example. A local improvement district for a domestic water supply system was created in January ((1990)) 2010 and the owner used the statutory exemption provided in RCW 84.34.320. On July 1, ((1997)) 2017, the land was removed from the farm and agricultural classification. An average interest rate was calculated using the inflation rates for ((1990)) 2010 through ((1997)) 2017. The owner was then notified of the amount of previously exempt special benefit assessment, plus the average interest rate.

(4) **Rates of inflation.** The rates of inflation used to calculate the interest as required by WAC 458-30-550 are as follows:

| YEAR | PERCENT | YEAR | PERCENT |
|------|---------|------|---------|
| 1976 | 5.6     | 1977 | 6.5     |
| 1978 | 7.6     | 1979 | 11.3    |
| 1980 | 13.5    | 1981 | 10.3    |
| 1982 | 6.2     | 1983 | 3.2     |
| 1984 | 4.3     | 1985 | 3.5     |
| 1986 | 1.9     | 1987 | 3.7     |
| 1988 | 4.1     | 1989 | 4.8     |
| 1990 | 5.4     | 1991 | 4.2     |
| 1992 | 3.3     | 1993 | 2.7     |
| 1994 | 2.2     | 1995 | 2.3     |
| 1996 | 2.2     | 1997 | 2.1     |
| 1998 | 0.85    | 1999 | 1.42    |
| 2000 | 2.61    | 2001 | 1.89    |
| 2002 | 1.16    | 2003 | 1.84    |

| YEAR        | PERCENT      | YEAR | PERCENT          |
|-------------|--------------|------|------------------|
| 2004        | 2.39         | 2005 | 2.54             |
| 2006        | 3.42         | 2007 | 2.08             |
| 2008        | 4.527        | 2009 | -0.85 (negative) |
| 2010        | 1.539        | 2011 | 2.755            |
| 2012        | 1.295        | 2013 | 1.314            |
| 2014        | 1.591        | 2015 | 0.251            |
| 2016        | 0.953        | 2017 | 1.553            |
| 2018        | 2.169        | 2019 | 1.396            |
| <u>2020</u> | <u>0.602</u> |      |                  |

[Statutory Authority: RCW 84.34.065, 84.34.141, 84.34.360, and 84.69.100. WSR 20-02-056, § 458-30-590, filed 12/24/19, effective 1/1/20; WSR 19-02-058, § 458-30-590, filed 12/27/18, effective 1/1/19; WSR 18-01-147, § 458-30-590, filed 12/20/17, effective 1/1/18; WSR 17-01-162, § 458-30-590, filed 12/21/16, effective 1/1/17; WSR 16-01-035, § 458-30-590, filed 12/9/15, effective 1/1/16; WSR 15-01-166, § 458-30-590, filed 12/23/14, effective 1/1/15; WSR 14-01-059, § 458-30-590, filed 12/13/13, effective 1/1/14; WSR 13-02-053, § 458-30-590, filed 12/26/12, effective 1/1/13; WSR 12-01-040, § 458-30-590, filed 12/13/11, effective 1/1/12. Statutory Authority: RCW 84.34.360. WSR 11-02-016, § 458-30-590, filed 12/29/10, effective 1/1/11; WSR 10-02-027, § 458-30-590, filed 12/29/09, effective 1/1/10; WSR 08-24-115, § 458-30-590, filed 12/3/08, effective 1/3/09; WSR 08-04-050, § 458-30-590, filed 1/31/08, effective 3/2/08. Statutory Authority: RCW 84.34.360 and 84.34.310. WSR 07-01-012, § 458-30-590, filed 12/7/06, effective 1/1/07; WSR 05-24-119, § 458-30-590, filed 12/7/05, effective 1/1/06; WSR 05-01-052, § 458-30-590, filed 12/7/04, effective 1/1/05; WSR 03-24-076, § 458-30-590, filed 12/2/03, effective 1/2/04; WSR 02-24-058, § 458-30-590, filed 12/3/02, effective 1/3/03; WSR 02-03-041, § 458-30-590, filed 1/8/02, effective 2/8/02; WSR 00-24-107, § 458-30-590, filed 12/6/00, effective 1/1/01; WSR 99-24-035, § 458-30-590, filed 11/23/99, effective 12/24/99; WSR 99-01-068, § 458-30-590, filed 12/14/98, effective 1/1/99; WSR 98-01-179, § 458-30-590, filed 12/23/97, effective 1/1/98; WSR 97-02-067, § 458-30-590, filed 12/31/96, effective 1/1/97; WSR 96-01-094, § 458-30-590, filed 12/19/95, effective 1/1/96; WSR 95-06-043, § 458-30-590, filed 2/24/95, effective 3/27/95. Statutory Authority: RCW 84.34.360. WSR 94-11-098, § 458-30-590, filed 5/17/94, effective 6/17/94; WSR 92-22-061, § 458-30-590, filed 10/29/92, effective 11/29/92. Statutory Authority: RCW 84.08.010 and 84.08.070. WSR 90-24-087, § 458-30-590, filed 12/5/90, effective 1/5/91. Statutory Authority: Chapter 84.34 RCW and RCW 84.34.360. WSR 89-05-010 (Order PT 89-3), § 458-30-590, filed 2/8/89. Statutory Authority: RCW 84.34.360. WSR 88-07-004 (Order PT 88-4), § 458-30-590, filed 3/3/88; WSR 87-07-009 (Order PT 87-3), § 458-30-590, filed 3/10/87.]