

## WSR 24-03-001

## PERMANENT RULES

## DEPARTMENT OF REVENUE

[Filed January 3, 2024, 2:01 p.m., effective January 3, 2024]

Effective Date of Rule: January 3, 2024.

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 1st because, per statute, these rules provide rates used for refunds and property valuations during 2024.

Purpose: The department is amending:

- WAC 458-18-220 to provide the rate of interest for treasury bill auction year 2023, which is used when refunding property taxes paid in 2024, 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 2024 assessment year, as required by RCW 84.34.065.
- WAC 458-30-590 to provide the rate of inflation published in 2023, which is used in calculating interest for deferred special benefit assessments of land removed or withdrawn from classification during 2024, as required by RCW 84.34.310.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 23-22-017 on October 19, 2023.

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, Amended 0, Repealed 0; Federal Rules or Standards: New 0, Amended 0, Repealed 0; or Recently Enacted State Statutes: New 0, Amended 0, Repealed 0.

Number of Sections Adopted at the Request of a Nongovernmental Entity: New 0, Amended 0, Repealed 0.

Number of Sections Adopted on the Agency's own Initiative: New 0, Amended 3, Repealed 0.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 0, Amended 3, Repealed 0.

Number of Sections Adopted using Negotiated Rule Making: New 0, Amended 0, Repealed 0; Pilot Rule Making: New 0, Amended 0, Repealed 0; or Other Alternative Rule Making: New 0, Amended 0, Repealed 0.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: January 3, 2024.

Atif Aziz  
Rules Coordinator

**OTS-4990.1**

AMENDATORY SECTION (Amending WSR 23-01-007, filed 12/7/22, effective 1/1/23)

**WAC 458-18-220 Refunds—Rate of interest.** (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. Interest also applies to judgments entered in favor of the plaintiff pursuant to RCW 84.68.030.

(2) **Calculation of interest rate.** The interest rate is calculated from the equivalent coupon issue yield of the average bill rate for 26-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 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 paid	Auction Year	Rate
2017	2016	0.340%
2018	2017	1.130%
2019	2018	2.085%
2020	2019	2.040%
2021	2020	0.165%
2022	2021	0.050%
2023	2022	2.50%
<u>2024</u>	<u>2023</u>	<u>5.26%</u>

**OTS-4991.1**

AMENDATORY SECTION (Amending WSR 23-01-007, filed 12/7/22, effective 1/1/23)

**WAC 458-30-262 Agricultural land valuation—Interest rate—Property tax component.** For assessment year ((2023)) 2024, 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 ((5.53)) 6.03 percent; and
- (2) The property tax component for each county is:

COUNTY	PERCENT	COUNTY	PERCENT
Adams	((1.19)) <u>1.05</u>	Lewis	((0.93)) <u>0.78</u>
Asotin	1.12	Lincoln	((1.10)) <u>1.03</u>
Benton	((1.06)) <u>0.88</u>	Mason	((0.98)) <u>0.87</u>
Chelan	((0.93)) <u>0.81</u>	Okanogan	((1.13)) <u>0.93</u>
Clallam	((0.98)) <u>0.82</u>	Pacific	((1.03)) <u>0.77</u>
Clark	((1.02)) <u>0.92</u>	Pend Oreille	((0.94)) <u>0.86</u>
Columbia	((1.15)) <u>1.11</u>	Pierce	((1.11)) <u>0.98</u>
Cowlitz	((0.99)) <u>0.89</u>	San Juan	((0.71)) <u>0.59</u>
Douglas	((1.03)) <u>0.95</u>	Skagit	((0.99)) <u>0.88</u>
Ferry	((0.96)) <u>0.88</u>	Skamania	((1.01)) <u>0.89</u>
Franklin	((0.89)) <u>0.84</u>	Snohomish	((0.93)) <u>0.76</u>
Garfield	((1.05)) <u>1.09</u>	Spokane	((1.13)) <u>0.93</u>
Grant	((1.03)) <u>0.98</u>	Stevens	((0.91)) <u>0.81</u>
Grays Harbor	((1.08)) <u>0.89</u>	Thurston	((1.14)) <u>0.95</u>

COUNTY	PERCENT	COUNTY	PERCENT
Island	<del>((0.91))</del> <u>0.74</u>	Wahkiakum	<del>((0.74))</del> <u>0.60</u>
Jefferson	<del>((0.94))</del> <u>0.80</u>	Walla Walla	<del>((1.16))</del> <u>1.00</u>
King	<del>((0.95))</del> <u>0.83</u>	Whatcom	<del>((0.94))</del> <u>0.85</u>
Kitsap	<del>((0.96))</del> <u>0.85</u>	Whitman	<del>((1.41))</del> <u>1.42</u>
Kittitas	<del>((0.86))</del> <u>0.77</u>	Yakima	<del>((1.09))</del> <u>0.96</u>
Klickitat	<del>((0.98))</del> <u>0.87</u>		

AMENDATORY SECTION (Amending WSR 23-01-007, filed 12/7/22, effective 1/1/23)

**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 2010 and the owner used the stat-

utory exemption provided in RCW 84.34.320. On July 1, 2017, the land was removed from the farm and agricultural classification. An average interest rate was calculated using the inflation rates for 2010 through 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
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
2020	0.602	2021	3.860
2022	6.457	<u>2023</u>	<u>3.67</u>