

# Initiative Measure No. 1039

Filed

JAN 27 2009

SECRETARY OF STATE

---

## BILL REQUEST - CODE REVISER'S OFFICE

---

BILL REQ. #: I-2207.3/09 3rd draft

ATTY/TYPIST: JA:cro

BRIEF DESCRIPTION:

AN ACT Relating to property taxes; and amending RCW 84.40.030.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

**Sec. 1.** RCW 84.40.030 and 2007 c 301 s 2 are each amended to read as follows:

All property shall be valued at one hundred percent of its true and fair value in money and ~~assessed on the same basis unless specifically provided otherwise by law~~ and as defined in this section.

(CC)

Taxable leasehold estates shall be valued at ~~((such price as they would bring at a fair, voluntary sale for cash without any deductions for any indebtedness owed including rentals to be paid))~~ true and fair value as defined in this section.

The true and fair value of real property for taxation purposes (including property upon which there is a coal or other mine, or stone or other quarry) shall be based upon the following criteria and increased one percent per year thereafter:

(1) ~~((Any sales of the property being appraised or similar properties with respect to sales made within the past five years. The appraisal shall be consistent with the comprehensive land use plan, development regulations under chapter 36.70A RCW, zoning, and any~~

~~other governmental policies or practices in effect at the time of appraisal that affect the use of property, as well as physical and environmental influences. An assessment may not be determined by a method that assumes a land usage or highest and best use not permitted, for that property being appraised, under existing zoning or land use planning ordinances or statutes or other government restrictions. The appraisal shall also take into account: (a) In the use of sales by real estate contract as similar sales, the extent, if any, to which the stated selling price has been increased by reason of the down payment, interest rate, or other financing terms; and (b) the extent to which the sale of a similar property actually represents the general effective market demand for property of such type, in the geographical area in which such property is located. Sales involving deed releases or similar seller developer financing arrangements shall not be used as sales of similar property.~~

~~(2) In addition to sales as defined in subsection (1) of this section, consideration may be given to cost, cost less depreciation, reconstruction cost less depreciation, or capitalization of income that would be derived from prudent use of the property, as limited by law or ordinance. Consideration should be given to any agreement, between an owner of rental housing and any government agency, that restricts rental income, appreciation, and liquidity; and to the impact of government restrictions on operating expenses and on ownership rights in general of such housing. In the case of property of a complex nature, or being used under terms of a franchise from a public agency, or operating as a public utility, or property not having a record of sale within five years and not having a significant number of sales of similar property in the general area, the provisions of this subsection shall be the dominant factors in valuation. When provisions of this subsection are relied upon for establishing values the property owner shall be advised upon request of the factors used in arriving at such value.~~

~~(3) In valuing any tract or parcel of real property, the true and fair value of the land, exclusive of structures thereon shall be determined; also the true and fair value of structures thereon, but~~

~~the valuation shall not exceed the true and fair value of the total property as it exists. In valuing agricultural land, growing crops shall be excluded))~~ For real property owned prior to January 1, 2009, the true and fair value is the total assessed value of buildings, enclosures, structures, and land as stated on the 2009 real property tax statement notice.

(2) For real property acquired on or after January 1, 2009, the true and fair value is the price the seller and the buyer agree upon at the time of the sale by: (a) A written sales agreement; or (b) the documented cost of the real property including construction costs of the infrastructure and structures thereon.

(3) Any constructed additions after January 1, 2009 will add to the tax basis at the the actual, documented costs. (CC)

(4) For real property taxation purposes, if the county assessor believes that the price that the buyer and seller have agreed upon is not representative of the true and fair value of the property, the assessor may challenge that price by hiring two independent state-certified residential or commercial real estate appraisers to appraise the property.

(a) If the averaged property value of the appraisals conducted under this section is less than one hundred ten percent of the agreed sales price then the true and fair value is the agreed sales price and the assessor must pay for such appraisals.

(b) If the averaged property value of the appraisals conducted under this section is greater than one hundred ten percent of the agreed sales price then the true and fair value is the averaged property value and the buyer must pay for such appraisals.

(5)(a) For real property taxation purposes, if the property owner believes that the true and fair value is below the currently established taxable value and the county assessor does not agree and adjust the value accordingly, the property owner may challenge the true and fair value of the real property by hiring two independent state-certified residential or commercial appraisers to appraise the property. (CC)

(b) The assessor must accept the average of the two appraisals

obtained by the property owner under this subsection (5) as the true and fair value of the property and adjust the taxable value accordingly. (CC)

(c) A property owner that opts to obtain appraisals under this subsection (5) is responsible for the costs of the appraisals. (CC)