

2003 PROPERTY TAX LEGISLATION

Bills are effective July 27, 2003, unless otherwise stated.

SHB 1069 – Waiver of property tax interest and penalties (Chapter 12, Laws of 2003)

RCW 84.56.025 currently allows the county treasurer to waive any interest and delinquency penalties for property taxes on real property which is levied in the year the property is sold, if a notice of delinquency was not properly sent to the new owner. This bill allows the county treasurer to waive interest and penalty on late property tax payments if the tax bill is not sent to the taxpayer due to an error by the county. There is no impact on state revenues.

SHB 1075 - Technical Corrections, forest land and open space programs (Chapter 170, Laws of 2003)

In 2001, three statutes pertaining to forest land valuations and removal of land from the open space current use assessment program were amended by two bills without reference to the other bill; one other statute was both amended and repealed. This technical correction bill amends RCWs 84.33.130, 84.33.140 and 84.34.108 to incorporate both amendments to each statute; Section 4 repeals RCW 84.33.140. There is no impact for this legislation which is effective on July 27, 2003.

SHB 1240 and HB 2146 – Biodiesel/Alcohol fuel incentives; production and tax incentives for wood biomass fuel (Chapter 261, Laws of 2003, Chapter 339, Laws of 2003)

Section 9 establishes a new exemption from property taxes for buildings and equipment that are primarily used to produce biodiesel, alcohol fuel (SHB 1240) or wood biomass fuel (HB 2146). The exemption is extended to property in a new manufacturing facility or property that constitutes a new addition to an existing manufacturing facility and lasts the first six years the facility becomes operational. The exemption will be effective for property taxes due in Calendar Year 2004.

SHB 1278 – Listing of personal property; electronic submission (Chapter 302, Laws of 2003)

This bill allows assessors and taxpayers to transmit personal property listings electronically. To facilitate electronic transmission of the personal property listings, the bill removes a requirement that the owner sign the statement. There is no impact on property tax revenues.

ESHB 1564 – County treasurer operations (Chapter 23, Laws of 2003)

This bill contains several amendments pertaining to programs administered by county treasurers. The purpose of this bill is to clarify existing law and to enable these offices to operate more efficiently. It specifies that when personal property is sold at an auction, any unpaid property taxes will become an automatic lien against the proceeds of the sale and these amounts must be remitted to the treasurer. It requires that segregation of real property for tax purposes may not occur until all current year and any delinquent taxes are paid. When foreclosed property is sold, the treasurer must refund any proceeds in excess of the minimum bid.

ESB 1853 – Financing of passenger ferry service (Chapter 83, Laws of 2003)

This bill provides a system of local financing of passenger-only ferry service across Puget Sound in the event that the state eliminates existing service. The bill authorizes a local public transportation benefit area (PTBA) to provide passenger-only ferry service. The PTBA contemplating such service must develop a plan for submission to the voters of the district. The plan must include a recommendation for the following financing sources: a motor vehicle excise tax of up to 0.4 percent, a local sales and use tax, tolls, and charges or fees for advertising, leasing of space and other revenue-generating activities. There is no impact on state revenues resulting from this legislation other than the administrative costs.

HB 1905 - Rental of certain exempt property (Chapter 121, Laws of 2003)

This bill restructures the property tax exemption for certain nonprofit organizations provided in RCW 84.36.060. This bill allows nonprofit performing arts organizations and museums to rent or lease their facilities to others for productions, performances, community gatherings or assemblies, or meetings for 25 days per year. Any use of the property for income generating activities is limited to 7 of those 25 days. There is no impact on the state levy.

HB 2001 - Property tax exemption; fund-raising for individual artists (Chapter 344, Laws of 2003)

This is a new exemption established for nonprofit organizations that solicit money, gifts, donations, or grants for the support of individual artists. To qualify the real or personal property must be used for the support of individual artists who are engaged in the production or performance of musical, dance, artistic, dramatic or literary works. The funds generated by the exempt organization must benefit individual artists, not other arts organizations. There is no impact on the state property tax levy with minimal shifts of tax burden to other property owners.

HB 2088 – Forest land exempt from storm water charges (Chapter 394, Laws of 2003)

This bill exempts designated forest land from rates and charges for storm water control facilities. It allows a reduction in rates for property that includes a permissive rainwater harvesting system.

HB 2294 – Tax incentives for the aerospace industry (Chapter 1, Laws of 2003, 2nd Special Session)

This bill provides tax relief to entities that manufacture super-efficient airplanes. The relief comes in the form of reduced B&O tax rates, credits against B&O tax, sales and use tax exemptions, as well as property tax exemptions. The property tax exemption is for property used exclusively for the manufacture of super-efficient airplanes. It exempts buildings, machinery and equipment, and other personal property of a lessee of a port district that is eligible for exemption from B&O tax (under Sections 11 and 12 of the bill). The property tax exemption is not available if the manufacturer takes a credit on its B&O tax obligation for property taxes paid on its property.

2ESSB 5659 – Additional 0.3 percent local sales/use tax, and increased growth rates for regular property tax levies (Chapter 24, Laws of 2003, 1st Special Session)

This legislation allows a county, city, or town to receive voter authorization for a multiple year lid lift up to six consecutive years. The ballot measure must state the dollar rate only for the first year of the lift but must state the limit factor to be used in all of the subsequent years. The limit factor does not have to remain the same for all years. The ballot measure must be approved at a primary or general election. A special election may not be called for the purpose of submitting a multi-year lid lift proposition to the voters.

SB 5725 - Tax incentives for the semiconductor industry (Chapter 149, Laws of 2003)

This exemption is for machinery and equipment that is exempt under RCW 82.08 or 82.12 and is used in manufacturing semiconductor materials at a building exempt from sales and use tax. This exemption is contingent upon an investment of at least one billion dollars. The effective date will be the first day of the month in which a contract for the construction of a significant semiconductor fabrication facility is signed, and is currently unknown. The exemption will expire at the end of the calendar year, 12 years after the effective date. If the facility is not operational within three years of the effective date, all taxes exempted must be repaid.