2009 Property Tax Legislation

Bills became effective July 26, 2009, unless otherwise stated.

E2SHB 1208 **Property Tax Administration (Chapter 350, Laws of 2009)**

This bill changes some of the requirements for treasurers, allowing them to begin accepting property tax payments once tax rolls are completed. Treasurers must affix a "verification of payment" rather than the currently required "stamp" on certain documents to verify real estate excise taxes (REET) have been paid. Property taxes must also be current in order to complete the processing of REET affidavits or other documents transferring title when there is a sale of a used mobile home, used manufactured home, used park model, or used floating home that has not had its title eliminated.
Other effects of this bill:

- Applications for open space and timber land current use classifications for property located in cities can be approved by separate affirmative acts of county and city legislative authorities, and members of such joint meetings are allowed to participate telephonically.
- Payment dates and interest rates on delinquent payments for diking, drainage, and sewerage improvement districts are brought in line with other property taxing districts.
- Changes are made to authorizations regarding refunds and refund levies.

The provisions relating to refund levies and levies to recoup taxes abated on destroyed property were included in 2009 Department of Revenue request legislation (HB 2231 / SB 6047) and were added to this bill at the request of the Department. These provisions apply retroactively to July 1, 2009, and apply beginning with taxes levied in 2009 for collection in 2010.

2SHB 1484 **Habitat Open Space (Chapter 354, Laws of 2009)**

This bill amends the Riparian Open Space Program to allow the purchase of conservation easements on private forest lands that: (1) are within an unconfined channel migration zone; or (2) contain critical habitat for threatened or endangered species as designated by the Washington Forest Practices Board.
This bill makes conforming amendments to the current law which provides an exemption from compensating taxes and additional taxes. The exemption applies when private forest lands are removed from designated forest land status or current use timber classification as a result of the transfer of a conservation easement under the Riparian Open Space Program.
The bill also modifies the existing exemption from compensating taxes provided in RCW 84.33.145 when land, which has been transferred from designated forest land status to a current use classification under chapter 84.34 RCW, is removed from classification for certain reasons, if the land is located in a county with a population exceeding 1,000,000 inhabitants. The bill expands this exemption to land in counties with a population exceeding 600,000 inhabitants.
The Governor vetoed section 1 of this bill containing language that is identical to section 1 of SSB 5401. Section 1 concerned the use of the Riparian Open Space Program to protect critical habitat for threatened or endangered species.

SHB 1733 **Property Tax Current Use Valuation Programs (Chapter 255, Laws of 2009)**

This bill amends the farm and agricultural current use classification to include land used for equestrian activities. The bill also exempts property owners from paying the back taxes, penalties, and interest when their property is removed from the current use or designated forest land programs and the reason for the removal is the discovery that the land was improperly approved for the program through no fault of the property owner.

EHB 1815 **Current Use Valuation Under Open Space Program (Chapter 513, Laws of 2009)**

This bill allows land that is at least five acres but less than 20 acres to qualify for the current use program as farm and agricultural land under certain conditions.
The bill also requires county assessors to provide information regarding the process to appeal the county assessor's decision to remove property from the current use program. A removal notice must explain the steps needed to appeal the removal decision.

2SSB 5045 **Community Revitalization Financing (Chapter 270, Laws of 2009)**

This bill authorizes cities and counties to create "revitalization areas" and allows certain increases in local sales and use tax revenues and local property tax revenues generated from within the revitalization area, additional funds from other local public sources, and a state contribution to be used for payment of bonds issued for financing local public improvements within the revitalization area. The state contribution is provided through a new local sales and use tax that is credited against the state sales and use tax.
The Department of Revenue is responsible for the administration of the program.
The maximum amount of the state contribution is $4.75 million per fiscal year.

SB 5355 **Initial Levy Rates for Rural County Library Districts (Chapter 306, Laws of 2009)**

This bill allows the petition and ballot proposition to establish a rural county library district to include an initial maximum property tax levy rate, not to exceed the statutory maximum rate of 50 cents per $1,000 of assessed value. In subsequent years the levy rate may be increased as authorized under chapter 84.55 RCW.

SSB 5368 **Value Real Property Annually for Property Tax Purposes (Chapter 308, Laws of 2009)**

This bill requires all counties to revalue real property on an annual basis by January 1, 2014 for property tax purposes. The bill also requires the Department to conduct advisory appraisals of industrial properties that are valued at $25 million or more, when requested by the county assessor.
The bill requires the Department to conduct a pilot project with at least one county that is prepared to move from cyclical to annual revaluation by December 31, 2009, but needs the Department's expertise to accomplish the conversion. The Department may contract with a local government association representing county assessors and other county elected officials to help carry out the pilot project.
The current $5.00 technology fee associated with real estate affidavits, set to expire July 1, 2010, is extended indefinitely. The use of this fee starting July 1, 2010, until December 31, 2013, will be used to help fund counties' transitions to annual revaluation cycles. Afterwards, the fee will be used to develop and maintain both annual revaluations and electronic systems for reporting REET affidavits.

SSB 5401 **Habitat for Open Space (Chapter 246, Laws of 2009)**

This bill is similar to 2SHB 1484.
The only tax-related difference between the bills is that 2SHB 1484 amends RCW 84.34.145 to modify the existing exemption from compensating taxes when land, which has been transferred from designated forest land status to a current use classification under chapter 84.34 RCW, is removed from classification for certain reasons, if the land is located in a county with a population exceeding 1,000,000 inhabitants. 2SHB 1484 expands this exemption to land in counties with a population exceeding 600,000 inhabitants. SSB 5401 does not contain this amendment.

SB 5426 **Annexing to a Fire Protection District**
(Chapter 115, Laws of 2009)

This bill allows a city or town located in two counties to annex a portion of the city or town to a fire protection district provided certain conditions are met.
The property tax levy of a fire protection district that has annexed a portion of a city or town as authorized in this bill applies throughout the district, including the portion of the city or town annexed to the district.

2SSB 5433 **Modifying Provisions of Local Option Taxes**
(Chapter 551, Laws of 2009)

This bill provides flexibility in the use of current local revenue sources and provides additional optional funds for transportation purposes.
The following will describe the portions of the bill relating to property tax:
This bill allows property tax levy lid lift funds to be used to supplant existing funds, beginning with levies approved by the voters in 2009 and after the effective date of the bill. However, in counties with a population of at least 1,500,000 (King County), the elimination of the non-supplant provisions only applies to levies approved by the voters in 2009 through 2011.
This bill also reduces the maximum property tax levy rate for ferry districts in a county with a population of at least 1,500,000 from 75 cents per $1,000 of assessed value to 7.5 cents per $1,000 of assessed value and allows counties of the same description an additional property tax levy not to exceed 7.5 cents per $1,000 of assessed value with rules determining its usage.

SB 5680 **Property Tax Exemption for Nonprofit Organizations**
(Chapter 58, Laws of 2009)

This bill increases the number of days from 25 to 50 per year that the property of nonprofit artistic, scientific, historical, or performing arts organizations may be used by persons not eligible for a property tax exemption. Also, the number of days the property may be used for pecuniary gain or to promote business activities is increased from seven days to 15 days per year. Limitations on rental charges are also removed. The time used for setup and takedown activities preceding or following a meeting or other event does not count against the 15- and 50-day limitations.

E2SSB 5688 **Expanding Rights of State Registered Domestic Partners**
(Chapter 521, Laws of 2009)

This bill is intended to ensure that for all purposes under state law, state registered domestic partners are treated the same as married spouses.
As it relates to property tax, new sections are added to statutes stating in part "the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons . . . ."
This bill has various effective dates. Much of the bill takes effect July 26, 2009. However, estate tax provisions take effect January 1, 2014.

ESSB 5901 **Local Infrastructure Financing Tool Program Provisions**
(Chapter 267, Laws of 2009)

Changes to the LIFT program as a result of this bill include:

- Tax revenue growth rates will be based on estimates made by sponsoring local governments.
- The LIFT tax will cease at the end of the fifth fiscal year if the sponsoring local government fails to issue indebtedness and does not commence construction of the public improvements in the RDA.
- Required annual reports submitted by sponsoring local governments are expanded.
- Limitations for the LIFT rate are clarified, and existing jurisdictions are required to select a tax rate by September 1, 2009. Chosen tax rates may not be increased.

The bill expires June 30, 2039.