



EXPEDITED RULE MAKING

CR-105 (June 2004)
(Implements RCW 34.05.353)
EXPEDITED RULE MAKING ONLY

Agency: Department of Revenue

Title of rule and other identifying information:

- WAC 458-30-220 *Refunds—Rate of interest*, which provides the rate of interest that applies to tax refunds made pursuant to RCW 84.69.101 through 84.69.090 in accordance with RCW 84.69.100, and also to judgments entered in favor of the plaintiff pursuant to RCW 84.68.030.
- WAC 458-30-262 *Agricultural land valuation--Interest rate—Property tax component*, which provides the interest rate and the property tax component used to value farm and agricultural lands classified under chapter 84.34 RCW (Open Space Program).
- WAC 458-30-590 *Rate of inflation—Publication--Interest rate—Calculation*, which provides the rate of inflation used to calculate interest on deferred special benefit assessments when farm and agricultural or timber land is removed or withdrawn from classification under chapter 84.34 RCW (Open Space Program).

NOTICE

THIS RULE IS BEING PROPOSED UNDER AN EXPEDITED RULE-MAKING PROCESS THAT WILL ELIMINATE THE NEED FOR THE AGENCY TO HOLD PUBLIC HEARINGS, PREPARE A SMALL BUSINESS ECONOMIC IMPACT STATEMENT, OR PROVIDE RESPONSES TO THE CRITERIA FOR A SIGNIFICANT LEGISLATIVE RULE. IF YOU OBJECT TO THIS USE OF THE EXPEDITED RULE-MAKING PROCESS, YOU MUST EXPRESS YOUR OBJECTIONS IN WRITING AND THEY MUST BE SENT TO

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AND RECEIVED BY: December 2, 2013

Purpose of the proposal and its anticipated effects, including any changes in existing rules:

The Department proposes to amend:

- WAC 458-30-220 to provide the rate of interest for treasury bill auction year 2013, which is to be used when refunding property taxes paid in 2014, as required by RCW 84.69.100.
- WAC 458-30-262 to provide the interest rate and property tax component to be used when valuing classified farm and agricultural land during the 2014 assessment year, as required by RCW 84.34.065.
- WAC 458-30-590 to provide the rate of inflation used in calculating interest for deferred special benefit assessments of land removed or withdrawn during 2014, as required by RCW 84.34.310.

Copies of draft rules are available for viewing and printing on our website at: [Rules Agenda](#)

Reasons supporting proposal: The Department is required by statute to annually adopt these rules to provide the information identified above.

Statutory authority for adoption: RCW 84.34.360, 84.34.065, 84.34.141, and 84.69.100

Statute being implemented: RCW 84.34.055, 84.34.065, 84.34.141, 84.34.310, 84.34.360, 84.68.030, and 84.69.100

Is rule necessary because of a:

- | | | |
|-------------------------|------------------------------|--|
| Federal Law? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Federal Court Decision? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| State Court Decision? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

If yes, CITATION:

Date October 2, 2013

Name Alan R. Lynn

Signature

Title Assistant Director

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: October 02, 2013

TIME: 11:54 AM

WSR 13-20-149

Name of proponent: (person or organization) Department of Revenue

- Private
- Public
- Governmental

Name of agency personnel responsible for:

| | Name | Office Location | Phone |
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Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

WAC 458-18-220 Refunds—Rate of interest. The following rates of interest shall apply on refunds of taxes made pursuant to RCW 84.69.010 through 84.69.090 in accordance with RCW 84.69.100. The following rates shall also apply to judgments entered in favor of the plaintiff pursuant to RCW 84.68.030. The interest rate is derived 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. The rate thus determined shall be 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% |

| Year tax paid | Auction Year | Rate |
|------------------|-----------------|---------------|
| 2008 | 2007 | 4.81% |
| 2009 | 2008 | 2.14% |
| 2010 | 2009 | 0.29% |
| 2011 | 2010 | 0.21% |
| 2012 | 2011 | 0.08% |
| 2013 | 2012 | 0.15% |
| <u>2014</u> | <u>2013</u> | <u>0.085%</u> |

WAC 458-30-262 Agricultural land valuation–Interest rate–Property tax component. For assessment year ~~2013~~ 2014, the interest rate and the property tax component that are to be used to value classified farm and agricultural lands are as follows:

- (1) The interest rate is ~~5.24~~ 4.69 percent; and
- (2) The property tax component for each county is:

| COUNTY | PERCENT | COUNTY | PERCENT |
|--------------|-----------------------------|---------------------|-----------------------------|
| Adams | 4.30 <u>1.29</u> | Lewis | 1.04 <u>1.09</u> |
| Asotin | 1.27 <u>1.28</u> | Lincoln | 1.26 <u>1.25</u> |
| Benton | 1.15 <u>1.16</u> | Mason | 0.95 <u>1.05</u> |
| Chelan | 1.01 <u>1.06</u> | Okanogan | 1.02 <u>1.06</u> |
| Clallam | 1.03 <u>1.11</u> | Pacific | 1.24 <u>1.26</u> |
| Clark | 1.37 <u>1.45</u> | Pend Oreille | 0.88 <u>0.90</u> |
| Columbia | 1.13 <u>1.16</u> | Pierce | 1.39 <u>1.54</u> |
| Cowlitz | 1.18 <u>1.24</u> | San Juan | 0.56 <u>0.68</u> |
| Douglas | 1.12 <u>1.21</u> | Skagit | 1.13 <u>1.23</u> |
| Ferry | 0.92 <u>0.94</u> | Skamania | 0.90 <u>1.06</u> |
| Franklin | 1.29 <u>1.30</u> | Snohomish | 1.24 <u>1.30</u> |
| Garfield | 1.03 <u>1.13</u> | Spokane | 1.33 <u>1.43</u> |
| Grant | 1.27 <u>1.37</u> | Stevens | 0.98 <u>0.99</u> |
| Grays Harbor | 1.16 <u>1.22</u> | Thurston | 1.27 <u>1.37</u> |
| Island | 0.84 <u>0.87</u> | Wahkiakum | 0.90 <u>0.96</u> |
| Jefferson | 0.92 <u>0.97</u> | Walla Walla | 1.27 <u>1.34</u> |
| King | 1.14 <u>1.19</u> | Whatcom | 1.06 <u>1.12</u> |
| Kitsap | 1.17 <u>1.22</u> | Whitman | 1.33 <u>1.38</u> |
| Kittitas | 0.80 <u>0.92</u> | Yakima | 1.23 <u>1.25</u> |
| Klickitat | 0.90 | | |

WAC 458-30-590 Rate of inflation—Publication—Interest rate—Calculation. (1) **Introduction.** This section sets forth the rates of inflation discussed in WAC 458-30-550. It also explains the department of revenue's 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 upon 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 farm and agricultural or timber land classification 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 and the owner used the statutory exemption provided in RCW 84.34.320. On July 1, 1997, the land was removed from the farm and agricultural classification. An average interest rate was calculated using the inflation rates for 1990 through 1997. 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 | <u>2013</u> | <u>1.314</u> |